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VOLUME 6, ISSUE 2 - JUNE-JULY 2012



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Farm trade compromise could unlock progress in Rio

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The far-reaching implications of the tuna labelling ruling



International Centre for Trade
and Sustainable Development

BIORES

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SUSTAINABLE DEVELOPMENT

- 4 **From Los Cabos to Rio:
Action through multistakeholder multilateralism**
Lara K. Birkes

SUSTAINABLE DEVELOPMENT

- 8 **The consumption, production and trade nexus:
A structural approach for Rio+20**
Marianne Schaper

AGRICULTURE

- 14 **Farm trade at Rio+20: Towards "the future we want"?**
Jonathan Hepburn

ENVIRONMENT AT THE WTO

- 16 **Tuna labelling and the WTO: How safe is "dolphin-safe"?**
Marie Wilke

SPECIAL MEETING REPORT

- 20 **Bonn climate talks yield marginal progress**
Andrew Aziz

SUSTAINABLE DEVELOPMENT

- 23 **The Sustainable Development Goals:
Ambitious global targets or Rio's safety net?**
George Riddell

NATURAL RESOURCES

- 26 **The quest for effective traditional knowledge protection:
Some reflections on WIPO's recent IGC discussions**
Shubha Ghosh

- 30 **The newsroom**

- 32 **Publications and resources**

No place for cynics: Rio and the first 20 years of a long journey



*Group dynamics and a shared and thorough understanding of life support systems is what ensures survival of species. As E.O.Wilson succinctly puts in his book *The Social Conquest of the Earth*, in the history of our planet, "colonies of cheaters lose to colonies of cooperators."*

Two decades ago here in Rio de Janeiro, it was clear to all of us that the global debate engendered by the UNCED process – and by the summit itself – was just the beginning of a long and daunting journey. The formal outcome of the effort was not insignificant by any measure. Countries ambitiously agreed to an explicit shared understanding of the challenges facing the planet at the turn of the millennium in the form of Principles, an agenda for action, and treaties on the Earth's support systems.

The outcome was a collective call for transformation, for correcting course, for shifting pathways. Governments committed to redesign policies, to provide resources and induce technological responses, and to cooperate among themselves for the global good. Businesses, on the eve of the fastest integration of national economies into global markets and a revolution in communication technology, enthusiastically embraced the challenge. Civil society had also been openly invited to partake in the Rio bazaar of hopes and ideas and it rose to the occasion. Indeed, the aftermath of the Rio Summit saw not only governmental and intergovernmental activity, but also an unprecedented proliferation of initiatives aimed at incorporating stakeholders in policy-making and harnessing the behaviour of consumers and producers to the high ideals of sustainability.

ICTSD is a child of Rio '92. We came about as a response to the interest of those influenced by the sustainable development challenges, and as a part of the inspired think tanks, organisations and governments who choose to act in that interest. Since our founding in 1996, we've been tirelessly working to advance the cause of sustainable development in a rapidly globalising economy – and we know that much is still to be done. We understand sustainable development as a system of interactions among markets, environmental forces, and social policies that support human subsistence and freedoms over generations. And we recognise that the novel formulation of the green economy is integral part of it.

As governments and the international community focus their attention back to those critical ambitions in Rio, I would like to invite you to attend ICTSD's Trade and Sustainable Development Symposium taking place on the sidelines of the conference in Rio. The Symposium will explore a range of issues, including natural resource management, green technology and innovation, green trade opportunities, and sustainable energy scale-up. Participants will have an opportunity to address success stories and areas of concern and search for ways forward.

Of course, if you are not in Rio, be sure to check in on our website for updates and reports from all of our sessions and discussions.

Ricardo Meléndez-Ortiz, Co-founder and Chief Executive, ICTSD

SUSTAINABLE DEVELOPMENT

From Los Cabos to Rio: Action through multistakeholder multilateralism

Lara K. Birkes

The alignment of the G20 and Rio+20 processes in 2012 presents a unique opportunity for leaders to move the world closer to economic and environmental sustainability.

"Actions speak louder than words but not nearly as often."

That was the contention of Samuel Clemens, America's celebrated author and humourist, known more widely by his pen name, Mark Twain. In the world's current multilateral context, his assertion remains poignantly accurate.

Gathering this month, global leaders attending the Group of 20 (G20) meeting in Los Cabos, and the subsequent Rio+20 United Nations Conference on Sustainable Development (UNCSD) in Brazil, are under pressure to deliver concrete actions on two separate but equally impactful global challenges: economic stability and environmental sustainability.

In both cases, the world needs more action from leaders, and fewer words.

Multilateral landscape

Increasingly, over the course of the last fifty years, multilateralism – international cooperation through a system of international institutions and rules intended to promote the common good – has been unarguably weakened. The world has grown more complex and more interdependent since multilateral efforts began to proliferate following World War II. With the emergence of economies in transition, geopolitical shifts, and the involvement of non-state actors, more parties influence global politics than ever before.

Compounding the complications of growing diversity and greater representation on the global stage are the closely guarded domestic interests of governments. The rise of inward-looking national policies has contributed to eroding the founding pillars of multilateralism, challenging traditional approaches to international cooperation with mounting complexity.

Recognising the potential benefits of leveraging global strengths helped to trigger the original shift of governments from unilateral to multilateral policies in the 20th century. Ostensibly in search of a common good, the transition was driven by the necessity of international alliances to reduce conflicts between major powers. In the present day, the world's economy and environment have moved to the fore.

With the pressing needs of the 21st century in mind, complexity and interdependence must now be balanced and the perpetuation of domestic interests restrained so meaningful international engagement is possible again. Speaking globally and acting locally has had negative implications, and multilateralism must be reinvigorated with these pressing global considerations at the forefront.

But solutions can be found if one is willing to deconstruct and analyse the stymied G20 and Rio+20 processes.

The Group of 20 and economic stability

Proclaimed to be the leading forum for international economic development, aimed at promoting stability and international cooperation to support global growth and

development, the G20 is charged with developing ambitious solutions for the economic challenges leaders carry to Los Cabos, Mexico this June.

Confronted with soaring unemployment figures, diminished economic growth, wavering competitiveness, pockets of inflation and an overall need to restore confidence in the global economy, action by the world's major economies is needed in Mexico to bring about fiscal reform, employment generation, and sustainable growth models. This will require a focus beyond domestic interests and the most immediate macroeconomic crises of the day, a shortcoming of recent G20 summits. The attention of leaders must not be side-tracked as they were last November in Cannes; recommendations warrant specificity and stakeholder inclusion that will ensure delivery and implementation of economic considerations beyond the euro zone.

In this sense, the G20 should strive to advance well beyond what the G8 proved capable of delivering last month at Camp David. As Britain's former Prime Minister Gordon Brown wrote in an op-ed in the New York times, "the G8 communiqué was long on words and short on action. There were no concrete measures, least of all a plan to back up public pleas for growth."

A host of challenges surface against this backdrop – in particular, those pertaining to legitimacy, effectiveness and action. First, though G20 governments represent roughly 80 percent of global GDP, many question the credibility it holds as a multilateral convening power given its exclusion of so many countries. As such, some economists describe the G20 as "multipolar," rather than multilateral, in reference to a concentration of economic influence being limited to a select number of countries. This concentration gives rise to conflicting views on the Groups legitimacy.

Stewart Patrick of the US Council on Foreign Relations stated, for example, that the G20 was "the most significant advance in multilateral policy coordination since the end of the Cold War."¹ Those outside the "club," however, reject such assertions. "In terms of international cooperation, it is one of the greatest setbacks since World War II," Norway's former Foreign Minister told Der Spiegel in an interview.

Secondly, despite the instrumental role the G20 played in the late 1990's in Asia, as well as outcomes following summits in Washington and London in 2008-2009, the reliability of consensus and action of late brings the effectiveness of the Group into question. Many impediments to such multilateral progress have emerged since G20 leaders took decisive actions during the heightened phases of the economic crisis. Despite the strong impetus to reach agreement – or what Canadian Prime Minister Stephen Harper has called "the fellowship of the lifeboat" – leaders have proved incapable of delivering such consensus-driven and timely action again.²

"The G20 is not a viable long-term solution to global coordination of economic and financial policies, particularly because of its legitimacy problem in the eyes of many of the 160-plus non-G20 states," writes London School of Economics professor Robert Wade when describing this confluence of compromised legitimacy and ineffectiveness. "Whether at the level of finance ministers or of heads of government, the G20 has yet to demonstrate that it can graduate from crisis committee to steering committee."³

Emerging as topically focused "advisories" to the G20, groups like the L20 of labour leaders, the B20 of business leaders and the T20 of think-tank leaders, have formed as concerned stakeholders and "adjuncts of official diplomacy" to advise governments.⁴ In Los Cabos the G20 has an opportunity to boost multilateral efforts and enhance legitimacy though greater stakeholder inclusion. Leaders can begin by considering these recommendations and strategic perspectives.

In particular, this year's convening of business leaders, or the B20, has re-doubled efforts to offer action plans from business in areas which stand to advance the G20's agenda. Be it through partnerships, amalgamated programs or collective initiatives, the private

Examples of multi-stakeholder engagement

Sustainable Energy Trade Agreement

Coral Triangle Initiative on Coral Reefs, Fisheries, and Food Security

The New Vision for Agriculture

sector has stepped up to address important issues like food security, green growth and employment - to name a few. With the receptivity of governments, such engagement will go a long way toward delivering timely, concrete and scalable actions by leaders.

Rio+20 and environmental sustainability

A similar approach of stakeholder engagement can also be carried over to environment negotiators gathering in Rio. Twenty years after the 1992 Earth Summit in Rio, the United Nations is bringing together member governments, international institutions and, so-called "major groups," to build upon the principles adopted in the early 1990's to rethink economic growth, advance social equity, and ensure environmental protection. Here, too, the stakes are high for action. Decisions taken in Rio will either reinforce or undermine the policy foundation on which the enduring sustainability of our planet precariously rests.

Unfortunately, the precedent for action in multilateral climate change dialogues is no more encouraging than G20 Summits of late. In the wake of disappointing climate negotiations from Copenhagen to Durban, the spectre of the overall inability of leaders to move beyond platitudes to reach the degree of consensus and the level of commitment required to effectuate change, looms.

As a result, many challenges arise. The planet is working against the clock on climate change and both scale and speed are required to move beyond high-level statements and multilateral frameworks – proven limitations of government action. To do so, leaders must endeavour to involve actors with the interest and means to devote resources to bring about concrete outcomes, and coalesce the public sector around result-oriented solutions. Given the 192 countries involved in the process, legitimacy by inclusion is not in question. Nevertheless, employing a strategy of multistakeholder engagement to overcome stagnation in the multilateral process stands to advance the Rio+20 agenda.

Several examples of such collaboration exist. For instance, a clean energy initiative known as the Sustainable Energy Trade Agreement (SETA) demonstrates how international cooperation can help enable the transition to a low-carbon energy supply. The Coral Triangle Initiative on Coral Reefs, Fisheries, and Food Security (CTI-CFF) is another example, which involves plurilateral partnerships with governments, NGO's and international organisations to protect select coastal and marine resources. A third example, the New Vision for Agriculture, is a public-private partnership that involves over 11 governments and 30 companies and international organisations to create frameworks for agriculture investment.

Arizona State University's Kenneth Abbott maintains that public engagement with private sustainability governance remains almost wholly off the political agenda for Rio+20. In his article on global sustainability governance, Abbot further states that this represents a missed opportunity, as such arrangements reallocate elements of governance authority to the actors best able to exercise them.⁶ As such, many scholars now recommend the deployment of multiple, distinct agreements and institutions, public and private, to deal with complex issues such as climate change.⁶

To Brazil's credit, the government has taken this notion to heart. The Chair, a role co-hosted by the Brazilian Minister of External Affairs and the Minister of Environment, has put in place a series of multistakeholder dialogues that will culminate in panel discussions prior to the commencement of the conference. The goal is to provide governments with clear recommendations for action from civil society. This is an innovation compared to past UN summits and shows a concerted effort to encourage "bottom up" outcomes, crafted by implicated parties, with an impetus to create a legacy of delivering action beyond intergovernmental declarations.⁷

Along these lines, select pockets of stakeholders – from the private sector and civil society to academia and NGOs – may be enlisted to employ practical ideas, broaden impact, and deliver action through partnerships, alliances or initiatives in conjunction with government.

Action from Los Cabos to Rio

But delivering action in either Mexico or Brazil won't be easy.

While lofty communiqués and aspiration statements dominate today's global discourse, accountability, delineated timelines, crisp implementable objectives, scalable recommendations and the inclusion of relevant stakeholders are what is needed, in reality. Unfortunately, these kinds of commitments currently lie on the periphery of the process.

Imbedded in the many challenges, a host of synergies and shared goals exist between countries to forge legitimacy and bring about concrete actions. If multistakeholders are leveraged strategically it will go a long way toward unblocking the cyclical ineffectiveness of these past multilateral rounds, and this month could prove an opportunity to drive action forward.

The G20 and Rio+20 platforms present an opportunity to shape the simultaneous imperatives of economic and environmental sustainability. As such, leaders must coordinate deliverables and build on the back-to-back momentum of these two timely summits to include overarching principles of sustainable governance – or those incorporating the economy, environment and society – and join them holistically.

Future global conventions should quantify the externalities of actions impacting the environment, and factor them into sustainable economic models. Together, stakeholders in governance for sustainability must reaffirm their collective priorities, and link their complementary goals from Los Cabos to Rio.

June is the time to employ words which render tangible outcomes to real global challenges. It is the time for leaders to summon the political courage to act. Now.

- ❶ New York Century Foundation, *The G20 and the United States: Opportunities for More Effective Multilateralism*. Stewart Patrick, 28 October 2010.
- ❷ Statement by the Prime Minister of Canada, World Economic Forum, Davos, Switzerland, 28 January 2010.
- ❸ Politics & Society, *Emerging World Order? From Multipolarity to Multilateralism in the World Bank and the IMF*. Robert H. Wade, V. 39: 347, 2011.
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SUSTAINABLE DEVELOPMENT

The consumption, production and trade nexus: A structural approach for Rio+20

Marianne Schaper

For the world to move to a more sustainable and inclusive economy, developing countries must have access to resource-saving technologies and prepare themselves for structural change. Meanwhile, developed countries must undergo a fundamental shift away from current levels of consumption.

The challenge of making a transition to a green economy – as one of the avenues for progress towards sustainable development – is enormous. It entails political and ethical choices that require drastic renewed thinking on economic growth, finance, international trade and investment rules. Most of all, it requires greater focus on the quality and equity of policy decisions, and a transition away from fossil fuels and material-intensive consumption.

The fundamental problem is the nature of the dominant socioeconomic paradigm, which is strongly correlated with adverse environmental impacts, increasing carbon emissions, growing income inequalities and increasing wealth concentration. From a sustainable development perspective, a new approach will therefore necessarily involve profound changes in the composition of global demand and a major transformation in production and consumption patterns. It will require the identification of new driving forces for human-centred economic activities, poverty reduction and economic convergence between developing and developed countries.

Policy questions and negotiating positions are dictated by political choices rather than being guided by the conclusions of scientific analysis. It is therefore possible to maintain a political debate on the definition of a green economy, on a new institutional framework or on sectoral issues, without addressing the truly important questions of global priorities. As such, the debates provide inadequate responses to the main environmental and equity concerns of developing countries. Moreover, it seems impossible to provide adequate responses for convergence and policy coherence without addressing the structural characteristics that underlie the present unsustainable global growth patterns.

An important issue, which is not so visible to negotiators, is the fact that international trade and investment rules determine not only the allocation of resources, but also consumption pattern, lifestyles, environmental impact, and productive specialisation in different countries. There has, however, been little discussion during the Rio+20 preparatory process on these issues, and on whether trade and investment rules need to be changed – particularly since they often limit the ability of governments to allocate domestic resources, or may even generate structural constraints that hinder a positive green economy transition in developing countries.

In practice, the Rio+20 preparations have involved microscopic approaches to the negotiating text, and even efforts to project emerging developing countries as the main global environmental threat. The green economy agenda has also been presented as a major business and job creation opportunity, without addressing the real barriers to narrowing the present income and technology gaps between developed and developing countries. To be fair, negotiators have been working against a political backdrop that has not been very conducive, given the current times of financial crisis, the troubled Euro and the economic recession and uncertainty it entails.

The structural factors underlying the global growth picture

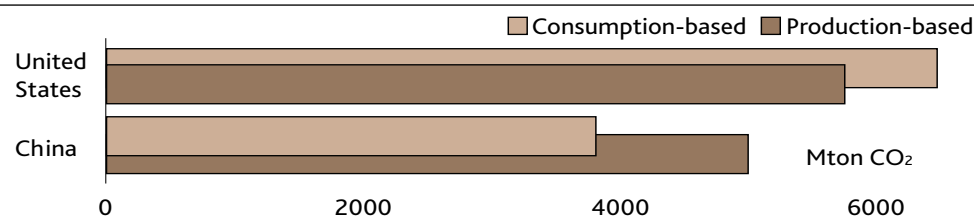
Some of the most challenging barriers to moving away from current energy and resource-intensive GDP growth are related to structural factors^①:

1) Growth patterns in developed countries have dematerialised in terms of production but not consumption

Economic growth in developed countries has been characterised by a continuous decline in the share of primary commodities and manufacturing in GDP, and a rise in the share of services and human capital and technology-intensive activities. This trend has been particularly strong over the last three decades and has implied a consistent decline in the use of material inputs in production. However, consumption in developed countries has not dematerialised. Developed countries still account for a large and disproportionate share, with the United States alone being responsible for 32 percent and the OECD for 78 percent of global consumption in 2010.² The combination of dematerialised production and increased consumption implies that developed countries have been shifting the environmental impact associated with the goods consumed to other countries through international trade.³

As revealed by a recent OECD study on "Carbon Dioxide Emissions Embodied in International Trade"⁴, and illustrated in Figure 1 (highlighting the example of the United States and China), the growth of trade-adjusted consumption-based CO₂ emissions has not fallen in parallel with domestic CO₂ emissions in OECD countries. This partly reflects increased global sourcing of emissions-intensive activity from non-OECD countries. While less than half of the global increase in CO₂ emissions during the second half of the 1990s came directly from OECD economies, two-thirds of the global increase was attributable to OECD consumption.

Figure 1
Production-based and consumption-based CO₂ emissions for China and the United States (2005)



Source: OECD

A number of labour abundant developing countries have benefited from the growing markets in OECD countries. They have become the providers of industrial goods as production has dematerialised in the developed countries. As important large consumers of primary commodities and low cost providers of industrial goods, the labour-rich developing countries were well placed to gain from increased demand.

Until recently - before the commodity price boom - the natural resource exporting developing countries supplied raw materials at low prices. In most cases, the enclave-based expansion of their commodity extraction, with weak backward and forward linkages to the rest of the economy, was insufficient to promote sustainable economic growth based on principles of equity and justice⁵. In this context, the labour-abundant developing countries were better placed than the resource-abundant developing countries to gain directly from increasing demand.

2) Current growth centres are energy and material-intensive

Emerging developing countries are highly populated and at an early stage of development. Their consumption and production processes are still very material intensive.⁶ In addition, the elasticity of greenhouse gas emissions with respect to growth in these industrial exporters is high, i.e. their continued rapid economic growth implies increases in emissions. More importantly, global economic growth will therefore be even more closely linked to carbon emissions in the future, unless there is massive transfer and incorporation of clean technologies in production processes globally.

Global economic growth has also become more commodity intensive than in previous decades (particularly in terms of metals). After years of declining trends, commodity use per unit of GDP began to gradually rise at the beginning of the 1990s, and then sharply accelerated around 1998. This was mainly due to a rapid increase in commodity-intensive

84%

Percentage of the world's scientific articles that come from developed countries.

800

Number of patents Japan generates per one million people (close to zero for developing countries).

manufacturing in China.⁷ In addition, resources are becoming increasingly scarce, making commodity supply more inelastic and leading to higher prices. The rise in commodity prices has allowed resource-rich exporting countries to grow. However, they also face an increasing risk of "Dutch disease"⁸ and of being out-competed by the emerging industrial exporters. This complicates their transition to a green economy.

New engines of sustainable economic growth

The nature of economic growth in the coming decades will have to be fundamentally different from the resource-intensive growth of the past. It will need to satisfy demands for higher living standards for a larger global population, while adjusting to increasing environmental constraints. In effect, it will require a serious rethinking of the promise that globalisation could extend the current economic development package to developing countries. This development package includes (1) higher per capita purchasing power, resulting from (2) higher output per worker, achieved by (3) accumulation of capital equipment, as well as (4) technological and institutional innovations, along with (5) increased energy use and material input, supported by (6) a consumerist culture that assures that the goods produced will be purchased. Radical changes in energy use and material input, as well as in the consumerist culture, will be particularly crucial.⁹

In addition to setting limits to present lifestyles and consumption patterns, and promoting massive technological change in production, the transition to a green economy will have to narrow two main gaps between developing and developed countries: **the technology and productivity gaps.**

The technology gap is a sensitive issue. Leaders in this field that consistently invest in new technologies will be able to continue to grow their economies. The countries that do not invest - or lack the means or the capacity to do so - will continue to fall behind and become less competitive. The technology gap can be illustrated by the following facts:

- Japan generates over 800 patents per one million people. That number is close to zero in most developing countries, with the exception of the large emerging countries.
- Around 84 percent of scientific articles come from developed countries.
- In 2010 the US collected payments of US\$30 billion US in royalties and licence fees from developing countries.¹⁰
- Payments from developing countries for royalties and licence fees have been steadily increasing. In 2009, the US represented 49.7 percent of total royalties and license fees received in the world. High income countries represented 97.8 percent of the total royalties and license fees received in the world.¹¹

The countries that do not invest - or lack the means or the capacity to do so - will continue to fall behind and become less competitive.

The technology choices of economic agents is crucial to achieving low material and energy intensity in the productive structures, which will have to go hand in hand with increasing labour productivity.¹²

Labour productivity mirrors not only the efficiency and competitiveness of production, but also the capacity of the labour force to obtain higher wages and living standards. Raising labour productivity is therefore recognised as a critical factor for increasing economic growth and reducing poverty. Low education levels are among the main obstacles.

Interestingly, the evolution of labour productivity across developing countries has varied. As shown in Figure 2, GDP per worker in Latin America, compared to the US, increased up to 1978 and has declined ever since. On the other hand, East Asian economies have been steadily improving their labour productivity relative to the US.

Labour productivity may have played a role in different growth paths. It could explain in part why a number of highly populated and historically poor countries have been successful in their growth processes and in catching up with developed countries.

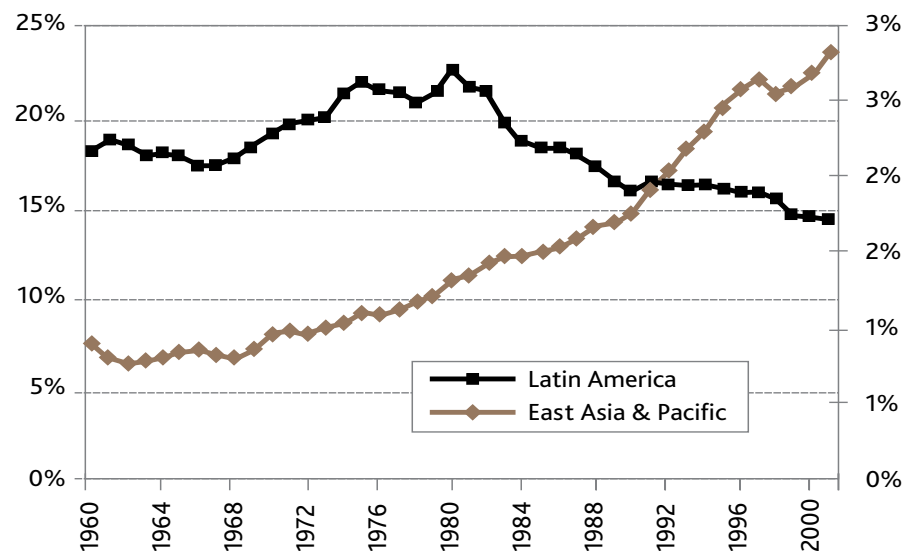
The argument for the need to close both the technology and productivity gaps in order make the transition to a green economy can be summarised in very broad terms in a matrix (see figure 3). The ideal combination would entail low material and energy intensity coupled with high labour productivity.

A growth model based on high material and energy intensity, and characterised by low labour productivity (lower left quadrant) is undesirable and reflects the situation of many developing countries. There are also cases of countries characterised by high labour productivity, where the economy is not sustainable (lower quadrant to the right).

Strategic public policies will have to orient economic growth onto a green economy pathway. Issues of fairness in distribution and social investment (education and health), as well as planning for long-term energy and resource use, need to be included in the redefined set of economic policy goals.

This approach requires a systemic shift rather than incremental improvements. It involves not only steering the market through the use of sound microeconomic policies - such as internalising externalities and getting prices right - or targeting the greening of certain sectors. Rather, it requires major changes in economic policy making. In fact, scaling up successful examples of best practices for greening the economy are important, but insufficient with regard to addressing the scale of environmental and equity problems that the world is facing today. The fundamental redirection required for a green inclusive economy cannot be achieved without a decisive reorientation of macroeconomic policy and drastic adjustments of consumption patterns.

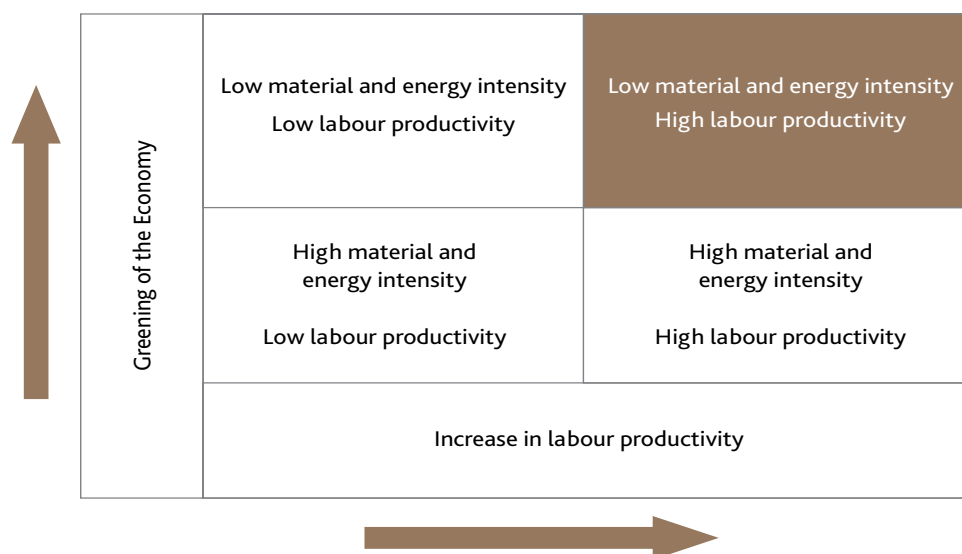
Figure 2
Labour Productivity
GDP per worker
(relative to USA)



Source: World Development Indicators, World Bank

As mentioned before, evidence increasingly suggests that structural changes in the sectoral composition of domestic production and trade are driving reductions in production-based environmental intensities in developed countries, without concurrent changes in consumption pattern. This can be explained by two different dimensions of what is typically referred to as industrial outsourcing. First, an increasing percentage of intermediate inputs are imported rather than domestically produced, which reduces the material and energy demand of domestic production. Second, the production of consumer goods characterised by large environmental impacts is shifting to other countries. This has led to an increase in the environmental burden in developing countries for goods produced to meet developed country demand.

Figure 3
Green Economy Matrix



Source: Author

The challenges for Rio+20

Rio+20 will need to be firmly based on the principles of the 1992 Rio declaration:

- *Principle 1:* Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature.
- *Principle 3:* The right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations.
- *Principle 4:* In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it.
- *Principle 5:* All States and all people shall cooperate in the essential task of eradicating poverty as an indispensable requirement for sustainable development, in order to decrease the disparities in standards of living and better meet the needs of the majority of the people of the world.
- *Principle 7:* In view of the different contributions to global environmental degradation, States have common but differentiated responsibilities. The developed countries acknowledge the responsibility that they bear in the international pursuit of sustainable development in view of the pressures their societies place on the global environment and of the technologies and financial resources they command.
- *Principle 8:* To achieve sustainable development and a higher quality of life for all people, States should reduce and eliminate unsustainable patterns of production and consumption and promote appropriate demographic policies.

In addition, a clear awareness of the dramatic changes in the global context since the 1992 Earth Summit is crucial to being able to address the fundamental issues at stake.

A new set of actors are rapidly becoming drivers of change in the global economy, particularly highly populated emerging developing countries. As part of this change, new institutional configurations have become more important, for example state-owned enterprises and sovereign wealth funds, which exemplify new public-private arrangements across capital markets and the broader business community

A unique combination of **global interconnected challenges**, including population dynamics, climate change and loss of ecosystems services in a context of growing inequalities, calls for a major overhaul of the way natural and social systems on our planet are managed. This is particularly true if an additional two billion people will be adding pressure on energy, food, and water, increasing the possibility for further conflict in the next decades.

Rio+20 necessarily must **address the main drivers of the present unsustainable growth model**. The lack of attention to the structural factors underlying the present growth picture threatens the viability of a green economy transition. The dematerialisation in production but not in consumption in developed countries and the increased global sourcing of emissions-intensive products from developing countries are at the core of the present global growth problem and should be taken into account in any proposals related to a green economy transition.

Developing countries need to grow. This requires **massive technological transfer and development of domestic capacity** for rapidly promoting resource-saving technological and structural changes in production, and to satisfy demands for higher living standards for a larger global population, while adjusting to growing environmental constraints. There is a need for public policy and a greater role of the state, since major changes cannot be achieved without decisive and strategic reorientation of economic policy to advance the scale of changes required.

In conclusion, two priority areas need to be addressed in order for countries to move towards a sustainable and inclusive economy: developing countries must access massive resource-saving technologies and undertake deep structural changes; and developed countries must undertake a drastic change in resource-intensive consumption patterns and lifestyles.

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- ❸ Ghertner, D. Asher and Fripp, Matthias (2007) Trading away damage: quantifying environmental leakage through consumption-based, life-cycle analysis. *Ecological Economics*, 63 (2-3). pp. 563-577.
- ❹ OECD, June 2011, "Carbon Dioxide Emissions Embodied in International Trade" www.oecd.org/sti/inputoutput/co2
- ❺ Barbier, E. (2005), *Natural Resources and Economic Development*, Cambridge University Press, Cambridge, UK.
- ❻ For example, from 2000 to 2007, Chinese demand accounted for 20 percent of world export growth in metals, 11 percent for copper, 55 percent for iron, and 58 percent for soy. Since the crisis, while global demand for these same commodities decreased, Chinese demand for them doubled (GDAE).
- ❼ World Bank (2009), *Global Economic Prospects: Commodities at the Crossroads*.
- ❽ The "Dutch disease" makes manufactured goods as well as services less competitive by raising the value of the currency.
- ❾ For further details see Jonathan M. Harris and Neva R. Goodwin "Reconciling Growth and the Environment", Global Development and Environment Institute, Working Paper No. 03-03.
- ❿ US Bureau of Economic Analysis. Preliminary data for 2010
- ⓫ See World Development Indicators, World Bank
- ⓬ Labour productivity is defined as GDP per hour worked



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AGRICULTURE

Farm trade at Rio+20: Towards “the future we want”?

Jonathan Hepburn

To make progress on sustainable development, governments must tackle farm trade at Rio.

“Climate change is already happening,” an African farmer told me at a recent global agriculture meeting. “In Ghana, the timing of the rainy season is becoming more and more unpredictable.” Another cautioned that poverty and hunger were likely to remain problems in his country as long as farmers remained marginalised and voiceless – cut off from markets as well as decision-makers in government.

These challenges – food security, poverty and threats to the natural environment – are among a myriad of issues on which government negotiators are frantically trying to reach agreement ahead of the Rio+20 summit on sustainable development. Trade, and trade policy, also figure amongst the topics they are trying to address and have the potential to unlock progress in other areas.

If governments in poor countries can increase support to agriculture without distorting trade, that could help provide a much-needed boost to farm productivity at a time when urbanisation, rising average incomes in developing countries, evolving dietary patterns and demographic changes are widely expected to create new patterns of supply and demand. Increasing spending in areas such as extension and advisory services, or research on pests and diseases, could help tackle low yields on small farms in the developing world. This, in turn, could help to overcome food insecurity in rural areas, and go some way toward meeting rising demand for food without further eroding land and water resources, or clearing forests.

At the same time, if developed countries were to reform policies such as biofuel blending mandates, subsidies for products such as cotton, or high tariff peaks on rice and sugar, competitive producers in poorer countries could stand to gain. In recent years, the food price spikes that have been blamed for pushing millions more people into poverty and hunger have also refocused attention on the role of export restrictions in exacerbating shortages for products such as rice and wheat. Subsidies in wealthy countries that contribute toward unsustainable patterns of production and consumption, including in the livestock sector, have also come under the spotlight as climate change climbs up the political agenda.

There is little chance that Rio will deliver anything specific in any of these areas. However, it might yet sketch out some of the broader connections between trade and sustainable development that could provide a framework for subsequent action. At the very least, the gathering is due to renew political commitment to sustainable development, and, most probably, take the initial steps needed to help establish a set of “sustainable development goals,” which are widely expected to complement the existing millennium development goals or MDGs.

Preparatory talks have reportedly been marred by rifts over the concept of a “green economy” – which developing countries have argued must be seen in the broader context of sustainable development and poverty eradication – and over the institutional framework for achieving progress in the years ahead. Important though they may be, the nuanced diplomatic controversies risk obscuring the real connections between social, environmental and economic problems in the world today.

In the eighty-page draft declaration that diplomats are currently poring over, trade is classed alongside finance and technology as a "means of implementation;" in other words, trade is a tool to help governments achieve sustainable development, rather than an end in itself.

The clauses on subsidies are perhaps the most controversial of those in the trade section, mainly because of the implications for government support to fossil fuel producers. However, the language in this part of the text would also have implications for trade-distorting farm subsidies – another topic on which governments have sharply divergent views.

An end-May draft from the co-chairs of the negotiating process would have governments "commit to take action, where appropriate, to phase out subsidies that are market distorting and inhibit sustainable development, taking into account the specific conditions and different levels of development of individual countries."

According to a more recent text, dated 2 June, Australia and New Zealand have proposed deleting the ubiquitous "where appropriate" from this clause, while Canada, Japan and Norway have suggested that governments agree to "get substantial reductions of" these subsidies instead of phasing them out. The EU has instead proposed that countries "gradually eliminate environmentally harmful subsidies that are incompatible with sustainable development," while the G-77 developing country group appears to prefer the original text proposed by the co-chairs.

Talks in the WTO's Doha Round, aimed at achieving "substantial reductions in domestic support" in agriculture – amongst other things – have reached an impasse. However, the Rio outcome could still inform domestic discussions over farm policy directions, such as those on the EU's Common Agricultural Policy, the US Farm Bill, or over farm support in China and India. The latter has increased substantially in recent years, although almost all has been reported to the WTO as "green box" support, which causes only minimal trade distortion.

A separate section of the draft on sustainable agriculture, food security, and nutrition also looks at the role of trade. The text reaffirms the value of a "universal, rules-based, open, non-discriminatory and equitable multilateral trading system," and encourages governments to eliminate "barriers and policies that distort production and trade and lead to negative environmental outcomes." It also invites them to promote policies that enhance trade in agricultural products as a contribution to sustainable agriculture and food security, and to note that, while obstacles to trade can have "a serious impact" on the world's poor, trade opportunities can also help small-scale and marginalised producers in developing countries.

Amongst the general sentiments on the potential benefits of trade and the importance of reducing poverty, there is little here that governments can be expected to disagree on. At the same time, while it is unclear how these precepts could translate into practical action in more controversial areas, we might well be wrong to assume that Rio will deliver nothing of importance to African farmers or others who are disadvantaged by today's agricultural trading system.

Agreement at Rio on how farm trade could contribute to broader sustainable development goals could be a valuable stepping stone towards progress in other areas – especially following stalemates in recent years in high-profile negotiations on topics ranging from climate change to trade. To provide a meaningful basis for doing so, however, the summit declaration will have to respond adequately to both the urgency and gravity of the challenges facing people in countries around the world.



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ENVIRONMENT AT THE WTO

Tuna labelling and the WTO: How safe is "dolphin-safe"?

Marie Wilke

The US-Mexico row over Washington's dolphin-safe label reached yet another milestone when the WTO's Appellate Body issued a final ruling in May. While the gains for Mexican tuna vessels could be low, the ruling is set to impact product labels and standards around the world.

The WTO's highest court ruled on 16 May that the US "dolphin-safe" label violates WTO law by discriminating against Mexican tuna. The judgement, marking a tentative end to the decade-old conflict between Washington and Mexico City, was immediately lambasted by environmentalists and US consumer advocates who saw the judgement as an attack on US dolphin protection. However, a closer look reveals that the Appellate Body largely sided with the arguments of pro-dolphin groups. The point of criticism was not necessarily the high standards used *vis-a-vis* Mexican products but rather the low standards used *vis-a-vis* all other products. The judges specifically criticised the low standards for being unable to guarantee that non-Mexican products eligible for the label were, in fact, fished in a "dolphin-safe" manner. In so doing, the judges also provided important indications regarding the application of WTO law for labels and product standards.

Measure not even-handed

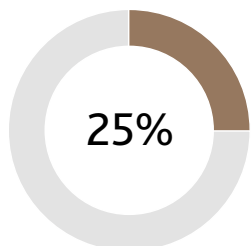
With the ruling, the judges confirmed an earlier panel report that classified the measure as a mandatory technical regulation rather than a voluntary standard (see BioRes Review, November 2011). In line with the WTO's Technical Barriers to Trade (TBT) Agreement, regulations must be implemented in a non-discriminatory manner, treating foreign products no less favourably than domestic products.

While the US 1990 Dolphin Protection Consumer Information Act (DPCIA) applies to all domestic and imported products alike, it prevents the use of the label for tuna caught in Eastern Tropical Pacific (ETP) waters with so-called purse seine nets that encircle dolphins. This applies even if independent observers can certify that no dolphins were killed or seriously injured during the specific catch. Most Mexican fisheries use purse seine nets in the ETP and, thus, are unable to get certified. For tuna caught outside the ETP, however, it suffices for the captain of the vessel to certify that no dolphins were intentionally netted or encircled. Importers are not obliged to prove that no mortalities or serious injuries occurred.

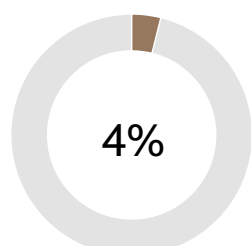
Purse seine nets are used exclusively for tuna fishing in the ETP because they are particularly well-suited to the unique behaviour of tuna and dolphins in the region. Pointing to this different treatment, Mexico argued that its tuna products were clearly disadvantaged. In fact, Mexico has long argued that it is not economically feasible to change the fishing methods of Mexico's fleets. Washington, in turn, argued that the distinction is justified by the different fishing realities in the ETP and outside.

Relying heavily on the panel's earlier assessment of marine science, the Appellate Body concluded that there is no regulatory justification to exclusively ban purse seine nets but no other fishing practices and to treat ETP tuna differently. It recognised that purse seine nets can harm dolphins in a serious manner beyond observed mortalities and injuries and that this justifies strict regulation. But the court disagreed with Washington that this also justifies less-strict treatment for other regions and fishing methods that are known to also negatively affect dolphins.

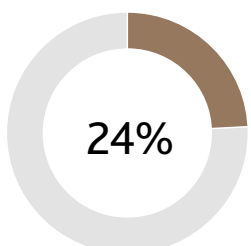
Eastern Tropical Pacific Fishing Fleets



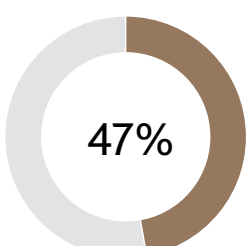
Mexican tuna fishing vessels



US tuna fishing vessels



Ecuadorian tuna fishing vessels



Other Latin American, European, and Pacific tuna fishing vessels

Source: Peter Trutanich, INFOFISH International 4/2005.

"Certain environmental conditions in the ETP are unique [but] the risks faced by dolphin populations in the ETP are not," the judges noted. In fact, the Appellate Body harshly criticised the fact that the label does not consider mortality from fishing methods outside the ETP. "Tuna caught in this area would be eligible for the US official label, even if dolphins have in fact been killed or seriously injured during the trip," they said.

Thus, while the judges agreed that different treatment was permissible, they found that the degree of difference in treatment was not proportionate to the degree of difference in condition. The judges did not ask for identical treatment, but for treatment that would, to an identical degree, reflect the risk to dolphins in the different areas of the world. In other words, if the US decided to specifically regulate the special circumstances of the ETP, it also must specifically regulate the special circumstances in other regions. The US measure does not calibrate these situations sufficiently, the court found.

Mexico's favoured alternative no option

Taking up this point, Mexico argued that the standard set out in the Agreement on the International Dolphin Conservation Programme (AIDCP) was a non-discriminatory alternative free of the problems identified by the Appellate Body. Unlike the US label, AIDCP does not single out individual fishing methods, instead requiring certification that no dolphins were killed or injured during individual catches. (See BioRes Review April 2011) In Mexico's view, this addresses the different risks and different regulatory burdens. The TBT mandates that, where relevant international standards exist, technical regulations, such as the US dolphin-safe label, must adopt their design. Mexico, however, failed to convince the court that AIDCP was an international standard that should inform the appropriate approach. The Appellate Body further disagreed with the previous panel ruling that AIDCP was a less trade restrictive alternative. In reversing the panel on this point, the Appellate Body also rejected Mexico's argument that the US labelling scheme was indeed more trade restrictive than necessary and thus in violation of the TBT agreement.

While not assessing AIDCP in more detail, the judges also indicated that, as argued by the US, a pure certification scheme would not be appropriate because it would fail to address unobserved harm. It is "undisputed by the participants, that dolphins suffer adverse impact beyond observed mortalities from setting on dolphins, even under the restrictions contained in the AIDCP rules." In the view of the Appellate Body, AIDCP would thus allow more dolphin-harmful products to be labelled dolphin-safe, which would reduce the efficiency of the measure.

Appellate Body suggests real alternatives

In rejecting this alternative, the Appellate Body also quashed Mexico's hope to actually benefit from a victory, because other alternatives consist of strengthening the standards for tuna fished outside the ETP rather than lowering standards for Mexico. By increasing the standard for fishing methods that can pose a particular harm to dolphins, the US could calibrate its measure thus making it discrimination free.

"Risks to dolphins resulting from fishing methods other than setting on dolphins could only be monitored by imposing a different substantive requirement, i.e. that no dolphins were killed or seriously injured in the sets in which the tuna was caught," the judges said. The Appellate Body specifically emphasised that additional regulation for fishing methods such as the use of fish aggregating devices (FAD) – floating objects that are specially designed and located to attract tuna – was needed. "The use of unassociated purse-seine nets or FADs may result, in certain cases, in substantial dolphin bycatch [unintentionally caught species]," the panel report had stated towards that end.

For these and other methods, the judges noted that non-mortality and injury certification from an independent observer could provide an appropriate response. But imposing such a requirement in general for all products "would not be the only way for the US to calibrate its dolphin-safe labelling provisions to the risks posed by fishing techniques other than setting on dolphins." Instead the court noted that, under certain circumstances, certification from the vessels' captains could be sufficient.

AIDCP

An international agreement concluded among 14 countries, including the US and Mexico, with the aim to establish a uniform label for ETP tuna products. The US never implemented the 1999 agreement.

The Appellate Body, however, was not as straightforward in its compliance recommendations as many had hoped.

Referring to the current US regulation, for instance, the judges noted that "the measure itself already contemplates the possibility that only a captain provide such a certification under certain circumstances." They seemed to suggest that actually using this possibility could bring the measure into compliance. But DPCIA provides for that option, as well as the option to ask for certification from independent observers, only where a "vessel in a fishery has been identified as having a regular and significant mortality or serious injury of dolphins."

Asking for certification – whether from a captain or an independent observer – only in these circumstances would certainly not help overcome the problem that the label, in theory, could be available to catches where dolphins were killed or otherwise injured. That said, if the US was to interpret "regular and significant mortality and serious injury of dolphins" in a manner that would capture the use of FADs and other techniques that were criticised by the Appellate Body, certification requirements could, in principle, apply to all relevant products.

Too expensive and unnecessary?

Already during the panel proceedings the US argued that such additional certification requirements for non-ETP products are both unnecessary and disproportionately costly. Such an approach, in Washington's view, "would have significant monetary and infrastructure implications for most nations whose vessels fish for tuna outside the ETP." But the Appellate Body saw no scope for such concerns, especially since other widely-used US based dolphin-safe labels already require such additional certificates.

"We fail to see, however, how the cost of demonstrating compliance with the same requirement (i.e., that no dolphin was killed or seriously injured) would justify that no such requirement be imposed with respect to the use of an official label, while it would be imposed for the same tuna caught in the same conditions in the same fisheries, in the case of use of an alternative label," the Appellate Body quoted the panel.

The argument is not off the table though, as a recent letter by the Committee on Natural Resources of the House of Representatives of US Congress shows.

"The implication of the recent WTO ruling is that the US should expend significant regulatory resources around the globe in an untargeted fashion," the Congressmen criticised in the letter. "The WTO decision would require the US to enforce requirements in other tuna fisheries outside the eastern tropical Pacific that are not needed, since Dolphins practically never associate with tuna schools in these other areas."

The representatives further warn that this could warrant new WTO disputes by other nations that would find the new requirements unnecessary and prohibitively costly. "This absurd requirement would push other tuna fishing nations to object in the WTO against the US."

What role for Congress?

Whether the US Department of Commerce will be able to deploy such a broad interpretative approach could make all the difference in the implementation game. If it can redesign current labelling in a manner that complies with the ruling without requiring changes to the underlying legislation, Commerce could act unilaterally. But if new conditions were needed, a Congressional directive would be necessary.

US Congress, however, has a history of not responding well when told to change domestic policies. In fact, it was Congress' refusal to amend its legislation that landed the US at the WTO in the first place. Considering the strong criticism and general lack of support for such a change within the US electorate, passing an amendment through both legislative bodies and obtaining executive approval could be an overwhelming political task.

Improvements

AIDCP has reduced mortality of ETP dolphins from 132,000 to less than 1,200.

Guidance on the procedural requirements is difficult to obtain though, as the regulation looks back at a rather unique and eventful past. Following a first GATT-dispute and the negotiated AIDCP, Commerce tried to change the label to implement AIDCP by adopting a non-injury certification approach rather than a fishing-method approach. Environmental groups took Commerce to court, which ruled that it had overstepped its authority and that changes could only be made if specifically mandated by Congress.

The ruling is largely understood as saying that no changes whatsoever may be made to the labelling scheme if not specifically directed by Congress. Then again, the court only looked into lowering the standards for ETP products and not into increasing standards with the aim of heightening the label's impact on dolphin protection outside the ETP.

The judges further ruled that Commerce's motivation to comply with an international agreement – AIDCP – was an inappropriate basis for change. There is no doubt that a WTO ruling would be treated similarly.

In principle, Mexico could request authorisation to retaliate against the US if Washington fails to implement the ruling. However, it would be unlikely for such external pressure to be able to overcome the domestic opposition. Should this remote possibility occur, compliance is unlikely to bring any redress for the Mexican fishing fleet as the ETP specific standard would not be changed but non-ETP standards would be strengthened.

Implications beyond the fishery sector

With the first ever WTO ruling on a product labelling scheme, the Appellate Body also issued a ruling that clarifies important details regarding the relationship of product labels, productions method regulation, and standards.

In particular, the Appellate Body's acceptance of the US' objective to ensure that its domestic market does not encourage fishing methods that harm dolphins has landmark character. The old argument that trade regulation may not have an "extraterritorial effect" and that countries may not "impose certain regulatory approaches upon its trading partners by means of importation or marketing requirements" now seems groundless. The implications for regulations ranging from biofuel sustainability standards to animal transportation rules are immediately apparent.

The same can be said about the Appellate Body's finding that the US legislation – even though it is not a prerequisite for importation – is a mandatory government regulation. With that acknowledgement, other labels, such as those pertaining to organic food, have finally entered the realm of WTO law.

Finally, the judges' examination of the quality of the AIDCP as an international standard, and not only its formal characteristics, makes clear that the Appellate Body is willing to look twice when countries invoke international standards as a justification for trade barriers.

All in all, the different systemic decisions point to a trend that the relationship between labels, production methods, standards and market access will be subject to careful scrutiny in the future. The upcoming Appellate Body decision in the Country of Origin Labelling (COOL) dispute – the third ongoing TBT dispute – will further inform this relationship.



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Special meeting report

BONN CLIMATE TALKS

YIELD MARGINAL PROGRESS

The UNFCCC's mid-year negotiating session in Bonn fell short of the desired outcome, but the process remains on-track.

After two weeks of backpedalling, quarrelling, and stonewalling on some issues and constructive negotiating on others, parties attending the UNFCCC's mid-year negotiating session in Bonn, Germany managed to move marginally forward from their last gathering in Durban. While many green groups and media reports have panned the 14-25 May meeting as a disappointment, insiders say the sluggish progress was expected, given the hesitation with which parties agreed to the so-called "Durban Platform" in December.

Concerns over pace of the talks cannot be dismissed, however, considering the schedule negotiators have established for themselves. In December, parties agreed to finalise the plans for the Durban Platform – which will produce a new global climate deal involving all nations – by end-2015. The new climate pact, which will ultimately succeed the troubled Kyoto Protocol, is targeted to be implemented by 2020.

Given that the Kyoto Protocol took five years to negotiate, the 2015 deadline for finalising a post-2020 treaty is clearly ambitious. Moreover, negotiations will undoubtedly be difficult, considering the fact that all parties - not just Annex I (developed) countries, as in Kyoto - are expected to shoulder some of the burden of responsibility under the new deal.

These difficulties became apparent in Bonn, with many observers and participants blaming a sense of mistrust - primarily between major developed and developing countries - for the lack of progress. Some green groups branded the US, China, India, and several Gulf states a "coalition of the unwilling" for their role in dragging the process to a halt.

The negotiations slowed to a crawl early on in the Bonn meeting, with the so-called "coalition" questioning what exactly they had agreed to in Durban. It soon became clear that the ambiguous language used to encourage countries to acquiesce to a Durban deal - after a day and a half of negotiating overtime - left many issues open for interpretation.

The December agreement, which was carefully worded to address a range of parties' interests, confusingly refers to a "post-2012 or pre-2020" landscape and calls on the Durban Platform negotiating process to develop a post-2020 deal that will be a "protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all parties." But EU climate chief Connie Hedegaard said technicalities should not be used as a tool to block progress.

"Durban was - and is - a delicately balanced package where all elements must be delivered at the same pace. It is not a pick and choose menu," Hedegaard said. "It is very worrisome that attempts to backtrack have been so obvious and time-consuming in the Bonn talks over the last two weeks."

New alliances

This year's Bonn meeting will perhaps be best remembered as the beginning of a new phase in alliances at UNFCCC negotiations, with the Alliance of Small Island States – AOSIS for short – breaking with their traditional position alongside non-Annex I (developing) countries among the G77 and China. Many observers had predicted the eventual split in Durban, as the difference in priorities of least developed countries and low-lying island states – which are expected to be among those most affected by climate change – and industrial giants like India and China became clear.

Abbreviations

ADP

Ad Hoc Working Group on the Durban Platform for Enhanced Action

AOSIS

Alliance of Small Island States

AWG-KP

Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol

AWG-LCA

Ad Hoc Working Group on Long-term Cooperative Action

COP

Conference of the Parties

CTC

Climate Technology Centre

GEF

Global Environment Facility

SBI

Subsidiary Body for Implementation

SBSTA

Subsidiary Body for Scientific and Technological Advice

TEC

Technology Executive Committee

Still, wrangling between various groups did not derail the process. By the closing plenary on 25 May, parties under the Durban Platform had managed to agree to an agenda on future work and elect chairs. The latter issue illustrated the pervasive lack of trust between parties in Bonn, as election of a chair for the Platform through consensus was almost not achieved for the first time in the UNFCCC's history. Participants managed to avoid a majority vote by agreeing to a carefully arranged co-chair scheme with equal representation of Annex I and non-Annex I parties.

Kyoto extension moves forward

This moderate progress on the Durban Platform was contrasted with considerable agreement on the detail needed to extend the Kyoto Protocol beyond 2012. In Durban, parties agreed to terminate talks on extending the Kyoto Protocol (AWG-KP) as well as on Long-Term Cooperative Action (AWG-LCA) when the UNFCCC meets this November for its Conference of the Parties (COP) in Doha, Qatar.

The extension of the Protocol was seen by developing countries as a crucial element of a Durban pact. As the world's only legally-binding treaty on emissions cuts, an extension of Kyoto is the one sure way to ensure a global climate treaty is in place in the years between 2012, when the first phase of Kyoto expires, and 2020, when the new treaty is established under the Durban Platform takes effect.

The efficacy of an extension of Kyoto, however, remains questionable. With developing countries - including major emerging economies - exempt from Kyoto and major developed countries refusing to comply (Canada and Japan have dropped out and the US never ratified), the EU is the only major player giving weight to the Protocol extension. Still, UN climate chief Christiana Figueres was upbeat about the progress made on Kyoto in Bonn.

Response measures progress in Forum, but cloud LCA

Talks looking at winding down the LCA track - the stream of negotiations aimed at establishing a successor to the Kyoto Protocol that will ultimately be replaced by the Durban Platform negotiating track - became somewhat complicated in Bonn, with several developing countries requesting the establishment of temporary break-away, or "spin-off" groups on issues such as financing, technology, and response measures.

The response measures issue - which deals with the social and economic impacts that countries could experience as a result of the measures other countries take to mitigate climate change, including those related to trade - was divisive, revealing possible difficulties negotiators will face in bringing the LCA track to an end.

For example, while some non-Annex I countries requested a spin-off group to discuss response measures, some Annex I countries, including Australia, pointed out that parties in December agreed that progressive talks relating to response measures would be consolidated and addressed under a specific permanent Forum. Saudi Arabia, however, insisted that they were working to "complete" rather than "consolidate" such work.

Sources close to the talks suggest that developing countries are not comfortable with all response measures issues moving into a "Forum," as they fear discussions held there may not carry the same weight as under a regular negotiating track. Some countries furthermore argue that the Bali Action Plan that emerged out of COP 13 in 2007 provides a mandate to negotiate a handful of response measures, such as trade, specifically under the LCA. There are also some concerns that all relevant response measures will not be adequately addressed under the Forum, and that issues actually addressed under the Forum may find themselves "homeless" after its closure.

Discussions within the Forum itself progressed smoothly, with parties sharing views on how to organise work over the coming 18 months. The G77 and China group expressed its desire for the Forum to first focus on establishing a clear path for its operationalisation and pinning down a work programme. The US and Australia, however, suggested that the

Upcoming Sessions

Intersessional

30 August –
5 September
Bangkok, Thailand

COP 18

26 November –
7 December
Doha, Qatar

initial work of the Forum be focussed on consolidating all response measures issues, such as those being discussed under the LCA track, under the Forum.

Technology and intellectual property rights

The issue of intellectual property rights (IPRs) was also raised in Bonn under the LCA track, particularly by developing countries who stressed the need for a better understanding of how IP issues impact the transfer of climate change technologies. Industrialised countries, for their part, gave their time-honoured response that the UNFCCC is not the right forum to examine the matter. Even though IPRs were omitted from the Cancun and Durban outcomes, the issue keeps resurfacing in climate negotiations.

The technology discussions under the Subsidiary Body for Implementation (SBI) and Subsidiary Body for Scientific and Technological Advice (SBSTA) – which are charged with providing advice on the implementation of the Convention and on scientific, technological, and methodological matters, respectively – were marked by a more constructive and positive spirit. Countries expressed their keenness to see the newly-established Technology Mechanism become operational in 2012.

The two bodies welcomed the report of the Technology Executive Committee (TEC), the policy arm of the Mechanism, which included a list of targeted linkages for the TEC to connect with entities under and outside the UNFCCC, as well as its rolling work plan of activities for 2012-2013. The SBI also welcomed the report evaluating proposals for hosting the Climate Technology Centre (CTC) prepared by an evaluation panel consisting of six TEC members, with equal representation from Annex I and non-Annex I parties.

Finally, the SBI invited the GEF to enhance the balance between mitigation and adaptation projects in the implementation of the strategic programme on technology transfer – established at COP 14 in Poznan, Poland – including by enhancing outreach on funding opportunities for adaptation projects.

Financial issues

The theme of financing permeated much of the Bonn meeting. As expected, little progress was achieved in securing financing for the Green Climate Fund, which aims to channel some US\$100 billion annually by 2020 to help developing countries cope with the effects of climate change. Rich countries provided commitments for so-called “fast start financing” from 2009-2012. But with few firm commitments for post-2012 financing, developing countries are concerned that it may not materialise. Annex I countries continue to face a combination of economic adversity and political uncertainty, leading to unfavourable conditions for financing climate change initiatives.

UNFCCC negotiators will meet next at a hastily-scheduled “inter-sessional” meeting in Bangkok from 30 August to 5 September. The fate of the Bangkok meeting was in doubt as the Bonn meeting came to a close with the Secretariat still in need of €4.8 million to finance the session. Many green groups argued that the Bangkok meeting is essential for making up for time lost in Bonn and to adequately set the stage for progress at COP 18 in Doha. In the end, Qatar, the EU, Norway, Germany, the UK, Japan, and Sweden came through with funding for the meeting, but the pall of uncertainty in the wake of Bonn spoke volumes as to the questionable ambition among parties.



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SUSTAINABLE DEVELOPMENT

The Sustainable Development Goals: Ambitious global targets or Rio's safety net?

George Riddell

What could the SDGs mean for the planet and are they really Rio+20's low hanging fruit?

Keen to avoid a political non-event at Rio+20, some cautious parties have pinned their hopes on an agreed set of goals that aim to provide a viable framework to help implement measures crucial to international and national support for sustainable development. The so-called Sustainable Development Goals (SDGs) broadly aim to secure political commitment for sustainable development. The targets are designed to provide a concrete approach to making measurable progress toward achieving balanced sustainable socio-economic growth in tandem with sustainable sourcing of natural resources.

For some, the SDGs represent a glimmering hope for a summit that has questionable chances of producing an outcome that will meet the challenges facing the world. Indeed, unlike its predecessor, Rio+20 claims instead to look at implementation measures and the framework by which to achieve sustainable development. The original United Nations Conference on Environment and Development in 1992 saw the adoption of a number of important multilateral environmental agreements (MEAs) as well as Agenda 21 and the Rio Declaration on Environment and Development adopted. It seems unlikely that Rio+20 would match the achievements of the original Rio conference.

The world's current Millennium Development Goals (MDGs), which were adopted in 2000, aim to coordinate efforts around the world to ameliorate the lives of the world's poorest. The eight goals ambitiously seek to halve extreme poverty, halt the spread of HIV/AIDS, and provide universal primary education with a target end-date of 2015. But some have been critical of the world's efforts in achieving the MDGs, and the SDGs could be a way to take stock of what has worked and what has not and move forward in a more realistic way. "Let us develop a new generation of sustainable development goals to pick up where the MDGs leave off," UN Secretary-General Ban Ki-Moon said in a 21 September 2011 speech.

The politics surrounding the SDGs make it likely that their launch will only be agreed at the very last minute in Rio. The 'New Co-chair's Suggested Text' (NCST) of the Zero Draft Document published on 22 May 2012 before the third round of "informal informals" offers little in the way of substantive contribution for the future direction of the SDGs saying that they should be, "focused on priority areas" for the achievement of sustainable development. Possible areas of interest of the SDGs include energy, water, food security, as well as cross-cutting issues such as equity and social inclusion. The negotiations in the course of the third round of informal informals only reinforced this point as countries played with the NCST list, by adding and deleting different 'priority areas' as can be seen from the 2 June consolidated Zero Draft text.

Designing the goals

Colombia and Guatemala were the first countries to propose a set of SDGs in the run-up to Rio+20. The two countries' joint-proposal outlines a set of SDGs that are similar and supportive on the MDGs. They suggested that the goals be designed to contribute in a concrete manner to the advancement of balanced, sustainable socio-economic growth. The other major contribution was that of the Stakeholder Forum for a Sustainable Future, which submitted 17 different objectives, complete with detailed targets, contained in the Bonn UN Department of Public Information Declaration. These goals are supported by

Rio Declaration

In 1992 countries in Rio agreed to 27 principles to base their development and environmental policies.

1,400 NGOs and were created by a group of experts from both developing and developed nations.

Keen to capitalise on the success of the SDGs, the best articulated negotiating positions have been that of the governments of Colombia, Peru, and the United Arab Emirates, which together prepared a so-called "non-paper" to facilitate the Rio+20 negotiation process. This "non-paper" succinctly summarised the various proposals that have been put forth with regards to the SDGs and identified a number of overlapping proposals.

The co-chairs of the UN Secretary-General's High-level Panel of Eminent Persons to advise on planning for post-2015 has already been announced: President Susilo Bambang Yudhoyono of Indonesia; President Ellen Johnson Sirleaf of Liberia; and Prime Minister David Cameron of the United Kingdom. The full panel will be announced following the Rio+20 Conference whose task, as it currently stands, will be to flesh out the bare bones of a mandate granted at Rio+20. A further process related to the SDGs may well end up on their plate.

The balancing act

The main objectives of the MDGs remain fundamentally important. The goals aim to free people everywhere from hunger and poverty, ensure that they can live healthy lives, have access to basic education, sanitation, and clean drinking water, and that men and women are guaranteed equal rights. As the goals are ideologically and politically neutral, both developed and developing countries will likely be able to find common ground. Specifics of the individual targets, however, will be hotly debated.

While there has been much agreement on the basic principle of the SDGs, the simplistic text of the Zero Draft belies the multitude of difficult discussions that remain to be resolved if the goals are to be established in a way that allows for their meaningful implementation. The contentious task is to design a set of goals that are able to integrate the three pillars of sustainable development – the economic, social, and environmental – in a meaningful and equitable way that doesn't place undue burdens and conditionalities on developing countries.

The principle of common but differentiated responsibility (CBDR), as outlined in the 1992 Rio Declaration Article 7, is an acknowledgement of the historical actions of developed countries in their role in global environmental degradation and the shared responsibility all states to the future protection of the earth. One particular tension in the negotiations of the SDGs has been with regard to the role CBDR plays in a framework that stresses the importance of equity for all. Paragraph 7 in the section on the SDGs in the NCST of the Zero Draft currently attempts to address this disparity.

"Progress towards the SDGs should be measured by an agreed and appropriate set of indicators and assessed on the basis of specific targets that could be differentiated depending on countries' levels of development and national specificities." However, the framework must be able to meaningfully address not only inequality within countries but also between countries.

Ban Ki-moon has sought to persuade negotiators to move beyond such discussions, pushing for the establishment at Rio+20 of a broad mandate for the SDGs. "We cannot let a microscopic examination of text blind us to the big picture. We do not have a moment to waste," Ban said in an address to the General Assembly in New York exactly one month prior to Rio+20. "It is time for ambitious leadership. It is time for us to focus on what really matters. It is time for common ground, for the sake of our planet and our children."

Yet the basis for the SDGs argues for nothing less than a fundamental paradigm shift in our understanding of how to measure development and economic progress. Their apparent simplicity belies the magnitude of division between crucial stakeholders. A key point in the negotiations will be establishing consensus on how to measure progress towards sustainable development. There are a number of rival GDP+ metrics that have

Agenda 21

A comprehensive action blueprint for sustainable development agreed to in 1992 at Rio. The Agenda targets a wide-range of issues related to the way in which humans impact the environment.

been developed, with individual nations as well as international organisations all trying their hand. Reflecting this, NCST Zero Draft recognises, "the limitations of GDP as a measure of well-being and sustainable development", but offers little in the way of viable alternatives.

SDGs versus MDGs in the post-2015 framework

Sources close to the talks say that a likely outcome would see a process to define the SDGs between 2012 and 2015, in order to coincide with the post-2015 Millennium Development Goals (MDGs) programme. But with the UN Secretary-General supporting the creation of the new set of SDGs, the question remains – where does that leave the MDGs? Indeed, many of the ambitious goals remain nowhere close to being achieved more than 12 years after their inception.

The wide array of objectives that have been outlined by the UNCSD Zero Draft – such as sustainable consumption and production patterns, oceans, and decent work and social inclusion – will make designing coherent targets, should the SDGs be organised along the same lines as the MDGs, difficult. Although broadly complementary, there are glaring gaps between the two agendas which are particularly noticeable in the fields of health, education and gender equality. There will undoubtedly be much work to do in these fields beyond the MDGs' 2015 expiration date.

Nonetheless, the post-2015 relationship between the MDGs and the SDGs requires further clarification both at Rio and beyond. What must be avoided is an inefficient and wasteful division of labour between competing sets of goals as some seek to extend the MDG framework post-2015 while others seek to build on the mandate established for the SDGs at Rio+20.

Particularly interesting is the similarities in timeframe between the UNFCCC outcome at Durban last year. Parties to the UN climate change convention agreed that by 2015 they would establish binding emissions rules that will be implemented by 2020. The 2015 common marker is notable and, while the negotiating platforms of sustainable development and climate change have remained separate, bringing these goals together would provide a more integrated approach to the world's environmental challenges.

Unprecedented opportunities

Evidently, much of the substantive work remains to be done for the SDGs, yet the most exciting aspect of the SDGs comes from the potential of its unifying power. Not only will it attempt to integrate the three pillars of sustainable development, its wide-ranging mandate could also give it the power to incorporate a large number of pre-existing initiatives from both within and without the UN-system from the local to international level. The acknowledgement of the differing levels of development that exist between nations could lead to a set of dynamic goals that would benefit not only every individual on the planet but rather the planet and all of its inhabitants, human or otherwise.

The SDGs could build on the broad support enjoyed by a number of international and national initiatives. Examples of these, among many others, are the Secretary-General's Sustainable Energy for All initiative and the World Bank's Global Oceans Alliance. By supporting these complementary but disparate processes, the necessary synergies could be made so as to achieve meaningful and concrete steps towards sustainable development.



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INTELLECTUAL PROPERTY

The quest for effective traditional knowledge protection: Some reflections on WIPO's recent IGC discussions

Shubha Ghosh

Recent IGC negotiations at WIPO show that the most crucial issue facing Traditional Knowledge discussions is the need for economic and political clout among underrepresented groups in global civil society.

Members of the World Intellectual Property Organization's Intergovernmental Committee (IGC) met recently to engage in a text-based negotiation on an international instrument relating to the protection of Traditional Knowledge (TK). When compared to reports of WIPO's February meeting on genetic resources, discussions at the most recent IGC session (16-20 April) went relatively smoothly. However, some observers remain sceptical over how much progress has actually been made on the proper legal protection for TK over the past ten years of discussions.

For some, the push to provide some legal, political, and economic recognition of TK stems from a perceived reaction to the World Trade Organization and the Trade Related Intellectual Property Systems (TRIPS) Agreement. The multilateral agreement ushered in a world of global free trade with intellectual property as one of its cornerstones. Expanding the trade regime of the GATT, the WTO addresses trade in services, foreign direct investment, and the transfer of technology across the borders of bilateral trading partners. The perception in the developing world is that developed countries and multinational corporations of rich nations are the primary beneficiaries of the WTO and TRIPS. Traditional Knowledge provides a touchstone for the recognition of the rights of traditional and indigenous groups within developing countries and for interest convergence between the government of these countries and such groups.

In many ways, however, the Traditional Knowledge agenda is consistent with that of the WTO and flows from the philosophy of TRIPS. The goal of the TRIPS Agreement is to require member states to reform their intellectual property regimes to meet substantive minimal standards set forth in the treaty. Requirements on subject matter, scope and duration, and limitations and exceptions serve to harmonise intellectual property law and assure predictability as member states trade with and invest in other states. Recognising intellectual property protection in Traditional Knowledge is a logical extension of these principles. As the World Bank stated in the title to its study on Traditional Knowledge, intellectual property can serve to unlock the economic value of "poor people's knowledge." Presumably, this economic value is realised through international trade and the economic transactions across nations envisioned within the WTO and TRIPS. When understood this way, the Traditional Knowledge agenda is an extension of, not a reaction to, our new world trade order.

The contradiction, however, is that Traditional Knowledge is often highly local and specialised. Although intellectual property covers a range of divergent subject matter, including software, pharmaceuticals, processes for producing chemicals, video games, films and television programs, educational materials, intellectual property laws are written in broad enough terms, such as creation and invention, to encompass a wide range of activities and industries. Traditional Knowledge does not find a comfortable fit within the broad category of intellectual property. Traditional know-how is often more mental than technological, engaging with culturally defined ways of thinking, rather than complex machines or technologies. While the products of intellectual property are designed to promote change, the fruits of traditional change are meant to ensure a stable

Abbreviations

IGC

Intergovernmental Committee

PIC

Prior Informed Consent

TCE

Traditional Cultural Expressions

TK

Traditional Knowledge

TRIPS

Trade Related Intellectual
Property Systems

WIPO

World Intellectual Property
Organization

set of knowledge rather than to invite innovation and change. Nonetheless, the subject of Traditional Knowledge, such as the benefits of plants for medicinal or nutritional purposes, is often innovative for those in the developed world who may not have had the experience of the exotic fauna or their uses. Fitting Traditional Knowledge within intellectual property requires a balance between the values of stability and the mind-set devoted to newness and innovation, sometimes for its own sake.

Not only is the idea of Traditional Knowledge somewhat disconnected from intellectual property, the concept may also be inherently incoherent. First of all, Traditional Knowledge subsumes the knowledge of indigenous groups as well as groups that have a more recent history. This problem in definition raises issues of the relevant beneficiaries. Furthermore, Traditional Knowledge covers a wide range of fields from medicine to music. In its deliberations, the World Intellectual Property Organization has separated Traditional Knowledge from Traditional Cultural Expressions (TCE), with the latter being the subject of a separate agreement. But even with this bifurcation, Traditional Knowledge encompasses specialised knowledge that is often geographically local and culturally specific. This knowledge as a subject of global trade is very different from the freely mobile capital and technology of intellectual property law in the contemporary trade system.

Not only is the idea of Traditional Knowledge somewhat disconnected from intellectual property, the concept may also be inherently incoherent.

These notable differences explain the need for a separate agreement on Traditional Knowledge and the set of large scale and specific issues that are the subject of negotiation. They help to identify the fault lines in the negotiations and the sources of continuing debate and tensions.

The large scale issues have to do with the conceptual framework for Traditional Knowledge protection. Should the framework be a *defensive* one, preventing the misappropriation of Traditional Knowledge through patenting by multinational corporations, or should it be an *offensive* one, allowing carefully defined stakeholders to manage and appropriate value from property rights? If both defensive and offensive goals are desired, then how should the promotion of a rich public domain be balanced with commitments to protecting economic, social, and cultural rights of designated owners?

The devil continues to be in the details as members wrestled with the basic definition of Traditional Knowledge and the equally challenging questions of defining the scope and enforcement of rights. The highlights of the negotiations were the following issues: definition, scope and duration of rights, enforcement, and exceptions and limitations.

What is Traditional Knowledge?

There seems to be no disagreement that the definition of Traditional Knowledge includes "know-how, skills, innovations, practices, teachings, and learnings." But some members attending the April IGC expressed disagreement over other details of the definition. Should the definition include reference to the intergenerational aspect of such knowledge? That it is handed down from generation to generation? Or would such a qualification limit the scope of Traditional Knowledge to that which has actually been preserved? Alternatively, should the definition emphasise that Traditional Knowledge is dynamic and evolving so as to incorporate changes to such knowledge over time? To what extent should the form of Traditional Knowledge be emphasised to make clear that such knowledge is protected in oral and other forms, codified and not? Furthermore, how is the knowledge base to be defined in terms of indigenous people and communities as well as regional communities and families? Finally, should the definition be connected to other points of contention such as genetic resources and to broader policies such as biodiversity, environmental degradation, and healthcare?

Several hours were spent on the definition during the first stages of the IGC deliberations. One reason for the length of time had to do with process issues on how to structure text-based negotiation. But a more compelling reason is the tension over the underlying policies for Traditional Knowledge protection. For some members, the goal is preservation of Traditional Knowledge in order to maintain a knowledge base for future generations. For others, the goals are political and economic, allowing disadvantaged groups to develop a stake in their knowledge that can provide a basis for political and economic advantage. Others, in addition, see Traditional Knowledge as a means to pursue other ends such as combatting biopiracy and providing mechanisms for environmental protection, biodiversity promotion, and healthcare. As deliberations on other portions of the draft articles indicated, these underlying policy tensions continue to inform the debate and may perhaps not be settled soon.

Scope and duration

As to the scope of protection for Traditional Knowledge, there is convergence on the need for mechanisms to regulate use and access as well as on acknowledgement of source and benefit sharing. The disagreement rests on whether the scope should be defined through a measures based or a rights-based approach. The measures-based approach established general guidelines for the management of TK such as goals of preservation and nondisclosure. A rights-based approach provides a set of trumps that would allow knowledge holders to prevent certain uses of TK for either commercial or non-commercial purposes. Particularly controversial under the rights-based approach are the requirements for mandatory disclosure that a product was derived from or includes Traditional Knowledge and for prior informed consent (PIC) before Traditional Knowledge can be utilised.

There is convergence on the need for mechanisms to regulate use and access as well as on acknowledgement of source and benefit sharing.

The divergence over scope reflects a difference in conceptualising Traditional Knowledge. Should protection be analogised to trade secret misappropriation where the underlying act is the misuse of the protected information through improper means, which can include either a breach of confidence or an illegal act like criminal trespass? Or should protection of TK be analogised to copyright or patent infringement where the taking of the protected information is itself the harm? Alternatively, there may be need for another paradigm altogether, one that recognises the sacredness and inalienability of Traditional Knowledge. This third way may be analogised to a moral rights approach except the object of protection is not the personality of the rights holder but the inherent value of TK itself. There appears to be general agreement that the scope of rights should not be entirely left to national law. The purpose of the draft articles is to provide some limits on what national government can and cannot do in protecting Traditional Knowledge as well as to provide normative guidelines for domestic legal systems. But conceptual problems make formulating these potential guidelines difficult.

A concern with delegating too much to national law is reflected in disagreements over duration and beneficiaries. Under the draft articles being discussed, the duration of Traditional Knowledge is perpetual so long as the knowledge at issue meets the definition of TK. However, some member states emphasised that value should also be a factor in determining duration. In addition, there was a concern that duration should not simply be a matter of national law. Similar concerns were voiced on the issue of defining the beneficiaries of TK protection. The draft articles define these beneficiaries to include at a minimum, indigenous peoples and communities and local communities. But discussion focused on including other groups as beneficiaries, including traditional communities, families and nations. Although definitions of traditional and indigenous groups under national law can guide the understanding of beneficiaries, continued

debated focused on how the draft articles should guide national law in determining the scope, duration, and recipients of TK protection.

Limitations and exceptions; administration and enforcement

The tensions over policy understandings and deference to national law appear also in draft articles on exceptions and limitations to Traditional Knowledge protection and to legal institutions for administering and enforcing rights. As for exceptions and limitations, independent creation seems to provide one area of convergence. But there is no agreement as to provisions that would be analogous to fair use or fair dealing or experimental use. The scope of adaptation rights is narrow, reflecting perhaps the moral rights-like protection for TK. Questions of PIC also riddle the understanding of exceptions and limitations. Should such consent be required in order to exercise an exception or limitation, or would such consent make exceptions and limitations meaningless?

Overarching questions about administration and enforcement remain. Although national institutions will provide the basis for protecting Traditional Knowledge in practice, great differences in legal and administrative institutions raise questions about the efficacy of TK protection under national law. These institutional issues will undoubtedly persist and may prove to be a stumbling block. Will there be TRIPS-like transition provisions for compliance for countries still developing legal systems, or could there be consensus on some dispute resolution system at the global level? The problems of administration and enforcement reveal the heart of the divergence in the negotiations. On the one hand, recognition of Traditional Knowledge is part of the political and economic recognition of indigenous and traditional communities under national law. At the same time, national law may be a source of suspicion if it represents majority will. Negotiating that tension will be critical for further progress in the deliberations.

Final thoughts

When looking at the 18-20 April IGC negotiations in the context of the past decade of the Traditional Knowledge debate, it is clear that the provision of economic and political clout to underrepresented groups in global civil society continues to be the most crucial issue at stake. Compared to the negotiations over genetic resources, the Traditional Knowledge debates have shown signs of progress. But difficult issues related to identifying the set of policy objectives from a range of conflicting alternatives remain. Determining the best way to integrate effective Traditional Knowledge protection within national law institutions will continue to be particularly vexing. But as these debates continue, the Traditional Knowledge community's understanding of intellectual property and other knowledge systems will continue to be refined. This refinement of understanding may also aid in giving voice to often overlooked communities and sources of knowledge in our construction of the global commons guided by politics and economics.



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The newroom

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EU, aviation industry clash over emissions scheme

Wrangling between EU lawmakers and the aviation industry over the inclusion of aviation into the EU Emissions Trading System (ETS) intensified in late May, as major aviation associations in Brussels and Beijing gathered for their annual meetings.

In Brussels, executives from the Association of European Airlines said that the ETS hurts the European aviation industry and economy at a time when it needs growth. The EU fired back at the claims, saying the group's cost projections were vague and inflated.

In Beijing, the Civil Aviation Administration of China said its airlines will not submit emissions data required by EU authorities. The EU continued to appeal to China to be a partner in a global emissions agreement and underscored that the ETS aviation clause will only be reconsidered if a global solution materialises.

Tougher sulphur limits for EU shipping industry

The Council of the EU and the European Parliament have reached an agreement to set tougher limits on the sulphur content of marine fuels used by ships. The decision, they say, was made in the interest of public health.

The sulphur limit for marine fuels will be lowered to 0.5 percent for all ships, down from the present 3.5 percent for cargo ships and 1.5 percent for passenger ships. The plan will be phased-in across all EU waters over a five year period starting in January 2015. An even lower limit will be imposed in "Emission Control Areas" – the Baltic and North Seas and the English Channel.

Exceptions will be made for ships that are fitted with modern filtering technologies, such as exhaust gas cleaning systems.

EU officials say governments can help shipping firms offset the costs associated with the new rules by making use of current financial instruments designed for reducing emissions.

WTO panel mulls renewable energy dispute

The degree to which countries can help support their renewable energy sectors was the subject of debate at the WTO in May, with Canada defending itself at a second dispute settlement hearing in two separate cases against Japan and the EU.

Positions by the parties have not deviated significantly since the panel's first hearing in March. Canada contends that its feed-in tariff scheme is legitimate government procurement, while Japan and the EU argue that it is an illegal subsidy.

Two NGOs filed *amicus curiae* submissions, both of which argued that support given in the interest of environmental protection should be exempted from WTO subsidy rules.

Japan and the EU both objected to the inclusion of *amicus curiae* submissions at such a late stage in the process, but acknowledged that the final decision was up to the panel.

EU ag ministers reject "greening" measures

EU agriculture ministers have rejected a European Commission proposal to condition farm subsidies on new "greening" measures starting from 2014. They argued instead for a "menu approach" that would allow EU member states to pick what policy to apply.

The Commission, however, rejected the approach, saying that the strength of the three proposed greening measures lies in the fact that they apply to all farmers.

The policy is being debated by key interest groups. Farm groups favour the agriculture ministers' menu approach, but environmentalists say they see it as a setback and would like to see a policy that will apply to all farmers.

Additionally, the European Parliament's development committee have altogether rejected farm subsidies, proposing that they be phased out by 2017. They say the policy undermines the production capacity of farmers in developing countries, and imposes heavy costs on European taxpayers.

Seoul implements emissions scheme

South Korean lawmakers have voted 148 to 3 in favour of implementing a national emissions trading scheme, despite facing fierce opposition from industry.

Major conglomerates in the country – which depend heavily on exports of manufactured goods – said that they fear the scheme would compromise their global competitiveness.

Supporters of the scheme say that capping carbon across the economy will make industries more sustainable and profitable. They are optimistic that the scheme will help South Korea develop clean technologies ahead of other countries.

Officials say they will establish an exchange to ensure the carbon market is stable and priced according to the market.

The scheme is estimated to cover 60 percent of South Korea's greenhouse gas emissions, putting the nation on track to achieve its pledge of reducing emissions by 30 percent from projected levels by 2020.

Bluefin tuna quotas met prematurely

French and Spanish governments terminated the bluefin tuna fishing season for their industrial fishing vessels mid-way into the month-long season, as a result of fishermen from both countries meeting quotas ahead of schedule. The move complies with rules set by the International Commission for the Conservation of Atlantic Tunas (ICCAT).

Environmental groups say the speed with which fishing vessels hit their quota is proof that European fisheries are over-capacity.

Environmental groups maintain that ICCAT's global quota is still too high to allow the recovery of over-exploited fish stocks, such as bluefin tuna. For example, while WWF recommends a maximum global bluefin quota of 6,000 metric tonnes, ICCAT has set it at 12,900 metric tonnes.

WWF has also said that illegal, unreported, and unregulated (IUU) fishing occurred during this year's fishing season, with two large unauthorised fleets reported to be in prime bluefin tuna fishing areas. The incident has reported this to ICCAT and national governments.

New French government considers carbon tariff

France's Minister of Industrial Renewal, Arnaud Montebourg, in late May indicated his intention to revive plans to apply a carbon tariff to imports from countries with more lax emission regulations. The idea was first floated in 2009, but has been widely rejected by other EU member states as protectionist.

Montebourg, who is well known for his critical stance on globalisation, says a carbon tariff will help level the playing field on international trade. In the interview, he did not shy away from protectionist language, saying that EU member states should not be "forbidden to favour local industry."

France had initially backed away from its 2009 carbon tariff proposal – in the wake of the inability of climate negotiators to agree on a robust deal in Copenhagen – and later rebranded it as a "carbon inclusion mechanism." This scheme would have required importers to purchase pollution permits from the EU Emissions Trading System (EU ETS).

UN adopts guidelines on large land investments

The UN FAO Committee on World Food Security (CFS) has established new voluntary guidelines for bringing responsible governance to large-scale land acquisitions, which have become increasingly common as a result of the 2007-2008 food crisis.

The guidelines also provide a basis by which vulnerable rural populations can secure access to land, fisheries, and forests.

The effort marks a "historic breakthrough," according to UN FAO Director-General José Graziano da Silva. The guidelines have been getting strong support from international agencies, which have produced reports urging adoption by G-20 leaders.

The FAO has committed to developing technical handbooks designed to help countries adapt the guidelines to local contexts and aid their implementation. The organisation has also pledged to extend targeted technical assistance to governments.

Next on the agenda, CFS will focus on what principles are necessary for "responsible agricultural investment." The year-long consultative process is set to start in October, which could see a set of recommended principles being developed by late-2013.

Publications and resources



Trade and Environment Briefing Notes – ICTSD, UNEP and ITC – June 2012

Jointly published by the International Centre for Trade and Sustainable Development (ICTSD), UN Environment Programme (UNEP), and International Trade Centre (ITC), this series of briefing notes aims to inform governments, businesses, and non-governmental organisations involved in the Rio+20 Conference on the important trade issues embedded in the transition to the green economy. They cover the following topics: trade and the green economy; export restrictions; sustainable agriculture; sustainable fisheries; environmental goods; environmental services; sustainability standards for consumer goods; product carbon footprinting; and international transport.

The briefing notes can be found at <http://bit.ly/MM9Qj8>



Trade Policy Options for Enhancing Food Aid Effectiveness – ICTSD – May 2012

This report, written by ODI's Edward Clay, looks back at the role of food aid in contributing to food security and disciplining trade displacement risks. Such a re-examination, the author argues, is especially appropriate given the renewed attention to options of "early harvests" on some elements of the WTO's wider Doha package, including export competition, along with recent changes in food aid. The report finds that there is indeed a case for re-thinking policy on food aid, and pushes for an early completion of the Doha negotiations regarding food aid.

The full study can be found at <http://bit.ly/MrA8X2>



The Way Forward: Inclusive Green Growth Policies Tailored to Real World Challenges – World Bank – May 2012

This report lays out the challenges, potential, and strategies of greening growth. It argues that greening growth is necessary, efficient and affordable. Obstacles to green growth are political inertia, behavioural inertia, and a lack of financing instruments, rather than economic cost of green policies. The report offers strategies for inclusive green growth and asserts that all countries, rich and poor, have opportunities to make their growth greener and more inclusive without slowing it.

The full report can be found at <http://bit.ly/M34kWw>



Global Outlook on Sustainable Consumption and Production Policies – UNEP – June 2012

This publication offers a stocktaking of sustainable consumption and production (SCP) policies. It analyses 56 case studies ranging from global multilateral agreements and regional strategies to specific policies and initiatives being implemented by governments, businesses, and civil society organisations. Its main objective is to provide information about existing activities promoting SCP, to identify best practices, and to provide recommendations to adapt, replicate, and scale-up SCP policies going forward.

The full publication can be found at <http://bit.ly/M2vomL>



Respecting Rights, Delivering Development: Forest Tenure Reform since Rio 1992 – Rights and Resources Initiative – May 2012

This report looks at the role of indigenous peoples and local communities in the management of forests – a specific objective set at the 1992 Rio Summit – and finds that there has been remarkable progress. The authors contend that the amount of forest recognised as owned or controlled by indigenous peoples and forest communities has increased, and the amount of legislation recognising local peoples' forest and land rights have also increased. It finds that forest management and restoration have improved in areas where indigenous peoples' and local community rights are recognised, as compared to public protected areas.

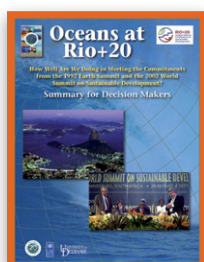
The full report can be found at <http://bit.ly/L7d3L6>



A Pocket Guide to Sustainable Development Governance, Second Edition – Commonwealth Secretariat and Stakeholder Forum – February 2012

This publication sets out to reduce the perceived "knowledge gap" on the history and dynamics of global governance for sustainable development. The topic of sustainable development governance is vast, and as such, the authors have distilled it into four major fields: Global institutions, key concepts for sustainable development governance, reform proposals, and framework processes to date. The guide is intended to provide the necessary knowledge to allow both governmental and non-governmental stakeholders to familiarise themselves with the key issues more comprehensively before the Rio+20 conference.

The pocket guide can be found at <http://bit.ly/M374Dw>



Oceans at Rio+20: Summary for Decision Makers – Global Ocean Forum – October 2011

This publication measures the progress made toward the goals, targets, and timetables set at the 1992 Rio Earth Summit and the 2002 World Summit on Sustainable Development (Rio+20). The authors acknowledge that it is difficult to measure this progress because of the absence of concrete evaluation frameworks and harmonised reporting requirements among governments. The report acknowledges that it relies, in large part, on the expert judgments of participants at the five global ocean conferences organised by the Global Ocean Forum who come from all sectors of the global ocean policy community (governments, international agencies, NGOs, industry, science groups).

The full report can be found at <http://bit.ly/LkhWNO>



US Anti-Dumping Duties on Chinese Solar Panels: A Costly Step – Peterson Institute of International Economics – May 2012

In this short article, Gary Clyde Hufbauer and Martin Viero argue that US anti-dumping and countervailing duty laws should be reformed to correct the distorted process that only considers the impact of imports on competing domestic firms, and not firms that use these imports as intermediate goods. The US gives no legal standing to downstream industries – in this case installers of solar cells – that will lose jobs when they have to pay retroactive penalty duties on imported components.

The full article can be found at <http://bit.ly/KBAqZ9>

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