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Analysis and news on trade and environment

VOLUME 7, ISSUE 4 - NOVEMBER 2013



All quiet on the climate front

CLIMATE CHANGE

What to expect from the UNFCCC's Warsaw COP

INTELLECTUAL PROPERTY

What can the UNFCCC's technology mechanism do for Africa?

AID FOR TRADE

Using aid for trade to help foster LDC climate change adaptation



International Centre for Trade
and Sustainable Development

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PUBLISHER

Ricardo Meléndez-Ortiz

EDITOR-IN-CHIEF

Andrew Crosby

MANAGING EDITOR

Andrew Aziz

ADDITIONAL SUPPORT

Sofía Alicia Baliño, Kimberley Botwright,
John Murphy, and Alice Tipping

DESIGN

Flarvet

LAYOUT

Oleg Smerdov

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write to us at biores@ictsd.ch

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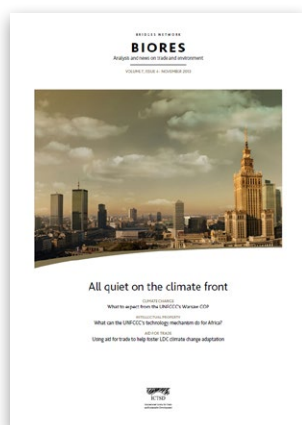
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All quiet on the climate front



With two major multilateral meetings of interest to the trade and environment community coming back to back this year, the last quarter of 2013 is shaping up to be one of the busiest in recent memory. But as delegates arrive in Warsaw, Poland for the UNFCCC's Nineteenth Conference of the Parties, the collective global silence on the negotiations is palpable. The lead-up to the Convention's annual meeting is typically met with pundits weighing in on the climate change debate through a range of major global news outlets. This year something is different.

Timing could partly account for the noticeable lack of interest in Warsaw. The 11-22 November meeting comes earlier than usual this year, at least partly due to the 3-6 December WTO Ministerial Conference in Bali. But the diminishing fervour surrounding the UNFCCC's annual climate meet is more likely the result of internal targets, rather than interest. When countries agreed at COP 17 in Durban to lock down their post-2020 plans at COP 21 in Paris, some of the urgency of striking a deal was lost.

The more sedate tone in the negotiations and around the conference itself was apparent to all who attended COP 18 last year in Doha. While negotiations toward clinching a deal in Paris have been moving forward since Durban, it is at a more glacial pace than most climate watchers are used to. But despite what this may mean for the post-Kyoto pact, perhaps what is most tarnished by this lack of urgency is the attention from the wider public that fosters a global conversation about the issue itself. It is this planetary dialogue, triggered by the annual climate meet, that holds the most power to influence governments to act.

This issue of BioRes – a part of that dialogue – aims to identify some of the key issues facing negotiators in Warsaw and spread new ideas about the trade links at play in the background. While trade is not expected to feature prominently at this year's COP, it will ultimately play a significant role in a range of processes. One needs look no further than the battle royal quietly brewing between the US, China, and the EU over trade in sustainable energy products.

But in more subtle ways, trade issues are influencing the ways in which developing countries are able to effectively participate in tackling climate change. In this issue, John Ouma-Mugabe looks at the role of the technology mechanism and the ways in which it can equip countries in Africa with the tools they need to develop, acquire, and use technologies to fight climate change. The issue also features an innovative analysis of the ways in which aid for trade can help least developed countries – which are expected to be hit hardest – adapt to climate change.

As usual, the issue will cover a range of news emerging from the trade and environment nexus, as well as offering an environmental briefing for those who will be attending the WTO's Ninth Ministerial Conference in Bali.

Be sure to follow our social networking streams on Twitter and Facebook to keep up with our busy agenda over the last two months of 2013.

Bridges Warsaw Update

FINANCING KEY TO UNLOCKING PROGRESS AT COP 19

While countless issues will need to be addressed before countries can agree to a binding international climate deal in 2015, the path to meaningful progress is financial.

The familiar sense of urgency is conspicuously absent as climate negotiators arrive at this year's UN Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) in Warsaw. In 2011, countries meeting at COP 17 in Durban, South Africa negotiated for two additional days to plot a course for multilateral climate change cooperation post-Kyoto. Despite finding themselves near the brink of collapse in the early hours of Sunday, 11 December, negotiators managed to find enough common ground to strike a deal on the path forward.

The sense of urgency in Durban pushed all major emitters – including the US, India, and China – to work toward clinching a new binding global agreement by COP 21 in 2015 that would be implemented in 2020. It was a deal to strike a deal, but it was a deal nonetheless. Given the effort required to bring negotiations to a fragile conclusion in Durban, pressure will be at an all-time high when they meet at COP 21 in Paris. Naturally, the pit stops along the road to Paris cannot be wasted if countries hope to conclude talks on schedule. However, in true UNFCCC negotiating fashion, early progress has been slow. In a culture where the first week of COP negotiations is often eaten up by procedural issues, such as agreeing on an agenda, the glacial pace of early discussions is not surprising. But with such an ambitious goal set for COP 21, protracted wrangling over minor issues – as was seen last year at COP 18 in Doha – could easily leave too much work for negotiators to tackle.

Taking note of the need for concrete and meaningful progress, UN Secretary-General Ban Ki-moon is attempting to expedite the process by inviting world leaders to a special Climate Summit in September 2014. Ban challenged leaders to bring bold pledges along with them to the Summit, in hopes that negotiations will receive the kick they need to head into COP 20 and the final stretch toward Paris.

ADP takes over

In Warsaw, the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP or Durban Platform) will become the UNFCCC's primary negotiating track. This will be the first COP to occur since the closure of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) and Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP), which have been the focal points of previous COPs (see [Bridges Trade BioRes](#), [12 December 2012](#)).

Work under the two permanent subsidiary bodies – the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) – will aim to tackle a range of issues in Warsaw. Issues such as improvements of the rules of the Clean Development Mechanism (CDM), modalities for the New Market-based Mechanism (NMM), as well appropriate approaches to Measurement, Reporting and Verification (MRVs) could see progress at COP 19. However, it is not yet clear how an ongoing row over a proposal by Russia, Belarus, and Ukraine will affect SBI talks in Warsaw.

Frustrated over the closing of COP 18 in Doha despite their insistence that more clarity was needed on how unused emissions credits from the first phase of the Kyoto Protocol would be carried forward, the three countries held up mid-year climate talks in Bonn, Germany this past June to the point that the SBI was unable to launch any substantive

work (see Bridges Trade BioRes, 20 June 2013). While some reports say Russia has now been placated somewhat, the issues could still affect talks in Warsaw.

Show me the money: Developing countries want less talk, more action

Financing has been one of the most difficult issues to resolve in international climate negotiations. At the troubled 2009 climate meet in Copenhagen, developed countries agreed to provide US\$10 billion per year in "fast start" financing for the period of 2010-2012 to help developing countries begin adapting to a changing climate. They also agreed to a separate Green Climate Fund (GCF), which would provide US\$100 billion by 2020 to help developing countries reduce emissions and adapt to the warming world.

But turning these financing commitments into action has not been easy. According to the Green Climate Fund Trust, ten contributors have deposited a mere US\$7.55 million into the Fund as of 30 June 2013. Developing countries have been clear about the need for developed countries to come through on financing. While there are a wide range of issues at play in the UNFCCC negotiations, the bottom line is that key developed countries like the US will not agree to a 2020 deal unless all countries – including India and China – have binding commitments, while developing countries will not sign on to a deal unless funding is made available to them to allow them to make said emissions cuts.

With many developed countries facing austerity measures at home over the past several years, GCF funding has not been a priority for governments. This has led some to consider alternate means of generating funds, such as through private sector initiatives. Greg Barker, the UK's minister of state for energy and climate change, recently suggested that public-private partnerships are crucial to moving forward.

"I believe we need a new business partnership to tackle climate change, that does so with its eyes wide open, mindful of the costs and careful to catch the opportunities," Barker said. "We can only decarbonise the economy if business comes with us, as an active participant, and at least cost for consumers."

Developing countries, however, have called such proposals a distraction to the real issue at hand, which is providing funds that have already been committed. Indian environment minister Jayanthi Natarajan, says alternative funding sources cannot be the core vehicle for delivering climate financing.

"The most important milestone [for Warsaw] would be climate finance and capitalisation of the Green Climate Fund (GCF), which has not happened at all," Natarajan said in a statement. "Developed countries that made a commitment earlier have now started talking of alternative sources of funding – whereas in our view these are commitments of the parties to the COP. While others and alternate sources need not be excluded, I think the fundamental commitment is the provision of finance."

With financing already causing significant difficulties in UNFCCC talks, some observers were surprised to see mention of the establishment of a possible international mechanism to finance "loss and damage" in last year's Doha package. The "institutional arrangements, such as an international mechanism" would aim to address loss or damage resulting from climate change – including "extreme weather events" and "slow onset events" – in countries that are particularly vulnerable to the adverse effects of climate change.

While the issue is earmarked to be resolved in Warsaw, lack of progress under the SBI in Bonn earlier this year meant that the issue has yet to be discussed. Loss and damage is expected to be a key bargaining chip for least developed countries (LDCs) moving forward. In a recent interview with the Thomson Reuters Foundation, LDC lead negotiator Quamrul Chowdhury said the creation of a mechanism is of "paramount importance" at COP 19.

Developing countries look for progress on technology transfer

Allowing developing countries to participate effectively in reducing emissions will not only require funding, but also access to clean technologies. Technology transfer and

intellectual property rights (IPRs) have been among the more contentious issues in UNFCCC negotiations and the two issues are expected to be discussed in Warsaw.

In their key messages to the talks, African Ministers of Environment stressed "the urgent need to address the issue of technology transfer, including the identification and removal of all barriers preventing access to climate-related technologies." In addition, they called for an "appropriate treatment of intellectual property rights, including the removal of patents on climate-related technologies for non-Annex I Parties." Such demands have been met in the past by strong opposition from industrialised countries which consider IPRs an essential incentive for climate-related innovation.

Warsaw is also expected to witness further steps toward the operationalisation of the UNFCCC Technology Mechanism, in particular the Climate Technology Centre and Network, the operational arm of the Mechanism. In their statement ahead of the COP, BASIC Ministers (representing Brazil, South Africa, India, and China) called "for the full operationalization of and close coordination between institutions established in the Bali process, including the Green Climate Fund, the Standing Committee on Finance, the Technology Executive Committee, the Climate Technology Center [sic] & Network, and the Adaptation Committee."

Response Measures Forum to have a future?

As in previous UNFCCC meetings, ICTSD will be tracking the issue of the unintended consequences of response measures – measures countries take to mitigate climate change – closely in Warsaw. Outside the negotiations, EU trading partners are still grappling with one of the most prominent trade issues related to a mitigation activity: the inclusion of aviation under the EU's Emissions Trading Scheme (ETS). The European Commission has proposed modifying the scheme to include only the portions of flights occurring in EU airspace, after the UN civil aviation body agreed last month to develop an international mechanism to curtail aviation emissions. However, since the proposed change will still affect foreign airlines, many climate observers expect past tensions between the EU and its partners to resurface.

Discussion on response measures covers a wide range of issues – some trade-related, some not – that fall under several possible areas of negotiation at the UNFCCC. Thus, the Convention decided at COP 17 in Durban to establish a forum where these issues could be discussed among parties outside the main negotiating track. The Forum on the Impact of the Implementation of Response Measures held its first session in May 2012 at UNFCCC headquarters in Bonn where it agreed on a work programme for the next two years.

The Warsaw COP will review the work of the Forum to date and will consider whether it has fulfilled its mandate and should be closed down, or if its lifespan should instead be extended. Sources close to the talks say the Forum has addressed a range of issues that would have otherwise side-tracked SBSTA and SBI discussions and, as such, it provides a useful function for expediting the overall negotiating process. Thus, while most parties would like to extend the mandate of the Forum, it is unclear what form such an extension would take if granted.

Workshop to address role of agriculture

While threats to agricultural production from climate change are widely discussed in climate circles, the issue has not been a formal part of UNFCCC negotiations. Discussions at this year's Bonn intersessional meeting, however, resulted in the scheduling of a workshop on the technical and scientific aspects of how climate change could affect adaptation in agriculture. The workshop discussions will take place within the UNFCCC framework, but will not be part of the climate negotiations. Insiders say that if negotiators feel the event is successful, the initiative could be repeated again at future meetings.

Developed and developing countries had previously had difficulty agreeing on whether and how to launch a work programme on climate change and agriculture, with differences of views over the relative importance of climate change adaptation and mitigation at the heart of the controversy. Governments appear to have found a way around the

Latest from climate scientists

The latest research on climate change emerged in September 2013 from the Intergovernmental Panel on Climate Change (IPCC), the international body charged with assessing climate change. Below is a brief summary of their findings.

Human responsibility – The probability that human activities are the dominant cause of global warming since the mid-20th century was raised from "very likely" (at least 90 percent) in 2007 to "extremely likely."

Slowing warming this century – The slowing pace of warming at the Earth's surface this century is likely linked to natural climate swings.

Projected warming – Temperatures are expected to rise by between 0.3°C and 4.8°C by the late 21st century.

Carbon budget – Cumulative carbon emissions need to be limited to about 1 trillion tonnes to give a likely chance of limiting global warming to 2°C above pre-industrial levels.

Sea level rise – Sea levels have the potential to rise between 26 and 82 cm by the late 21st century, after a 19 cm rise since the beginning of the 20th century.. In the worst case, seas could be 98 cm higher in the year 2100.

impasse by agreeing to discuss how countries can best adapt to new challenges, while also looking at "possible adaptation co-benefits." Sources say such an approach would open a venue to discuss a range of agriculture and climate change issues, such as how improved land management techniques could boost farm productivity while also contributing to mitigation efforts by helping to sequester carbon.

Success in Warsaw?

There are a range of issues up for negotiation in Warsaw and measuring the success of the meeting will not be simple. Meaningful success would see progress on financing, increased ambition, as well as clarification of the structure, sequence, and content of the 2015 agreement. Underpinning all of these issues is the question of whether parties will be able to move beyond the entrenched North/South divide. While this has been notoriously difficult in previous talks, there are signs of movement.

The Cartagena Dialogue for Progressive Action (Cartagena Dialogue), an alliance of 32 developed and developing countries in international climate talks, is one example of notable progress on bridging this gap. Member countries say they are committed to pursuing low carbon economic and development pathways and wish to do so with a legally binding international agreement applicable to all in place. Other positive signs of progress include the recent agreement by G20 countries in St. Petersburg, Russia to phase out the use of hydrofluorocarbons (HFCs).

While few expect Warsaw to deliver a great leap forward in climate talks, it will be watched closely as a barometer for future negotiations. As Connie Hedegaard, the EU's Commissioner for Climate Action, said in a recent statement, Warsaw is not a destination, but rather an important stop for setting the stage for Paris in 2015.

"In Warsaw, we must agree to prepare strong pledges for the 2015 deal and to step up emission cuts over the rest of this decade," Hedegaard said. "All countries must be ready to present bold pledges before the Summit of World Leaders on climate change."

INTELLECTUAL PROPERTY

Making the UN climate change technology mechanism work for Africa

John Ouma-Mugabe

How can the UNFCCC technology mechanism help African countries engage effectively in the development, acquisition, and use of technologies to fight climate change?

Managing climate change and ensuring environmental sustainability requires technological intervention. All countries must invest in the development, diffusion, adaptation, and use of a wide range of environmentally sound technologies in order to reduce the emission of greenhouse gases and address the impacts of climate change. This recognition is explicitly expressed in provisions of the UN Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol, as well as many other international agreements on sustainable development, environment, and trade. Article 4.5 of the UNFCCC places particular emphasis on the role of developed countries, as it stipulates that they "shall take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know-how to other developing country parties."

However, even after the entry into force of the UNFCCC, issues of technology development and transfer continue to dominate climate-change negotiations. It can be argued that the UNFCCC Conference of the Parties (COP) agenda of the last two decades has predominately focused on how to implement articles 4 and 5 related to intergovernmental cooperation in research and technical sharing. African and other developing countries have been concerned about the slow pace of implementation of the technology provisions of the UNFCCC and, in particular, the absence of an international mechanism or institutional arrangement for effecting the transfer of relevant technologies – for both climate change adaptation and mitigation – from developed countries.

Since the mid-2000s there have been efforts to address the developing countries' concern on the need for an international mechanism for technology development and transfer. In 2007, UNFCCC COP 13 in Bali, Indonesia adopted the Bali Action Plan, calling for the establishment of effective mechanisms for scaling up the development and transfer of technologies to developing country parties. Three years later, COP 16 in Cancun, Mexico established the Technology Mechanism (TM), comprising a Technology Executive Committee (TEC) and a Climate Technology Centre and Network (CTCN). In 2011, COP 17 in Durban, South Africa made decisions that led to the operationalisation of the TM. The CTCN's secretariat is also in the process of operationalisation and is hosted by the UN Environment Programme (UNEP) in Copenhagen, Denmark.

The TM, in general, and the CTCN, in particular, can play a critical role in supporting African countries' efforts to engage in climate-change adaptation and mitigation. Most of these countries possess relatively limited capabilities for developing, acquiring, adopting and using existing and new climate technologies. The TM offers new opportunities by helping countries build low-carbon national innovation and economic systems. This involves developing scientific and technological capacities and designing and implementing modern policies for research and innovation. These efforts should be informed by, or based on, the specific technology and related capacity needs of the countries.

Africa's climate technology and capacity needs

Africa is a continent with a diverse range of economic and innovation systems. Countries have varied or differentiated technological capabilities and climate technology needs. While some have relatively sophisticated innovation systems, others have only

rudimentary or weak components of such systems. However, the countries share certain similarities in terms of climate technology and capacity needs. The climate technology needs of many African countries are articulated in various studies, including national audits, such as national climate technology needs assessments (TNAs) – conducted by some countries with the support of the Global Environment Facility (GEF) – and national reports for the Rio+20 Conference.

By mid-2012, 28 African countries had prepared TNA reports, and at least 40 submitted national reports to the Rio+20 Conference. Based on the reports, there are many similarities in the technology needs of the countries. Most of the reports focus on technologies for adaptation to climate change. Examples of the countries' technology needs include practices and technological applications, such as solar and wind power, clean coal technologies, integrated gasification combined cycle (IGCC) and IGCC-based systems, fluidised-bed combustion (FBC) and waste management practices.

Most of the identified technologies are in the public domain. In fact, most African countries, including the least-developed ones, have been exposed to these technologies, but may not have access to them, owing to barriers that are not related to intellectual property protection (IPP). There is now a growing body of empirical studies that show that the IPP-technology development and transfer nexus is not a straightforward one whereby IPP is merely a barrier to technology transfer or an incentive for innovative efforts. The development and transfer of climate technologies depend, to a large extent, on the dynamism of national systems of innovation – the capacities of countries to leverage public and private-sector innovation, using their policies and institutions. Indeed, whether IPP is a barrier to, or an incentive for, technology development and transfer depends on specific conditions in each country and, in fact, specific firms in the countries.

Of the 28 African countries that have prepared TNAs, only two identified IPP as a barrier to technology development, access and transfer. Most countries identified the following as the main barriers to technology development and transfer: lack of financial resources was identified by 26 African countries; inadequate skills in the science, technology, and engineering fields (27 countries); lack of information on the technologies (28 countries); lack of information on sources of the technologies (17 countries); absence of policies and institutions to promote technology development and procurement (13 countries); lack of incentives for the private sector to invest in climate-change mitigation technologies (11 countries); low public awareness of environmentally sound practices (23 countries), and poor institutional linkages, particularly between the private and public sectors (21 countries). Most of these barriers were identified in the energy, agriculture, forestry, and water sectors.

The barriers listed above are characteristics of weak national innovation systems. They undermine the countries' abilities to engage in climate-change adaptation and mitigation and the implementation of the UNFCCC in general. The TM and its CTCN, in particular, will need to focus on removing these barriers.

Technology Mechanism's strategic support to Africa

The establishment of the TM has raised many African countries' expectations of technology transfer, capacity building and financing for climate-change adaptation and mitigation programmes and projects. Environmental policymakers in Africa perceive the TM as the best mechanism for supporting their countries to engage in the implementation of the UNFCCC. This can be discerned from statements expressed in some of the national reports for Rio+20 as well as submissions at the past two COPs.

To help realise their expectations of the TM, it is important for African countries to identify specific programmatic areas in which the mechanism can work in partnership with national authorities. These countries need to actively participate in the design of the TM's programmes, particularly in the formulation of the CTCN's specific research and technology development activities. They can do this by having each country designate a specific agency or group of experts to interact with the CTCN.

There are at least three areas where the TM can support African countries to build national capabilities for climate technology development, acquisition and adoption.

The first relates to institutionalising technology needs assessment programmes and building capacity to engage in technology prospecting. The latter involves identifying and procuring promising technologies and then introducing them into specific sectors of national economies. As stated earlier, at least 28 African countries had undertaken TNAs by mid-2012. The TM should support more countries to conduct TNAs and help all countries to establish long-term national TNA programmes so that the assessments are not done on an ad-hoc one-off basis but become part of national research and innovation activities. It can assist in developing capacities for TNA by training to build local skills and the provision of guidelines to national institutions that are responsible for the assessments.

As a follow-up to the TNAs, the countries are expected to develop specific plans or strategies for technology development, procurement, and transfer. Almost all 28 African countries with TNA reports identified the development of technology implementation plans as a necessary follow-up task. However, few of the countries have been able to design plans that would enable them to effectively engage in climate-change technology development, acquisition and transfer. The TM should support African countries to develop national technology implementation plans.

The second area of support is the improvement of national policies for climate technology development and transfer. Most African countries have implicit policies for technology transfer and/or acquisition. For example, policies for foreign direct investment (FDI) and public sector procurement services can be used by countries to promote climate technology development, transfer and acquisition. However, most policymakers are unaware of the importance of FDI and public procurement as instruments for technology development and transfer. The TM can assist countries to identify and use such instruments. In addition, the mechanism can support countries to review and upgrade their science, technology, and innovation policy frameworks with emphasis on integrating climate technology development and acquisition considerations into such frameworks. It can support African countries to engage in policy learning – drawing lessons on what policies work better in other regions – by providing information on best practices of technology development and transfer policies.

The third area of the TM's support to Africa should be enhancing South-South technology cooperation, that is Africa cooperating with other developing country regions and intra-Africa technology cooperation. Some developing countries are sources of new climate change mitigation and adaptation technologies. For example, Brazil is the world's leader in biofuel research and development (R&D) and related technological innovation activities. South Africa is one of the leaders in coal-to-synfuels technology development. In short, some developing countries are among the world leaders in the production of a wide range of climate-friendly technologies. Encouraging bilateral and multilateral technology cooperation between African and Asian countries and between African and Latin American countries can help promote climate technology development, transfer, and acquisition. The TM should specifically support the creation of South-South climate technology development and transfer networks that will be linked to the CTCN.

Conclusion

The extent to which the TM will work for Africa largely depends on how proactive African leaders will be in participating in future UNFCCC processes. The African Union (AU) needs to establish an experts' working group or advisory panel on the TM to provide policymakers with advice on the best ways and means of utilising the mechanism for the benefit of the continent. Without strategic advice, it is likely that many African countries will stay disengaged from the TM.

This article is based on a longer report published by ICTSD: Realizing the Potential of the UNFCCC Technology Mechanism, ICTSD, May 2012



John Ouma-Mugabe
Professor of Science and Innovation Policy at the Graduate School of Technology Management, University of Pretoria, and Director of the Science and Innovation Policy Studies (SIPS) Corporation, Pretoria and Nairobi.

AID FOR TRADE

Financing LDC climate change adaptation through Aid for Trade

Vinaye Ancharaz, Paolo Chisu, and Sara Traubel

While the aid for trade initiative has great potential to help address climate change, the necessary conditions are not often present in LDCs. It is vital to ensure the institutional mechanisms are in place to allow for the effective delivery of aid and, as this article points out, help the most vulnerable countries adapt to climate change.

There is now a growing body of evidence suggesting that sub-Saharan Africa is among the regions of the world most exposed to the damaging effects of climate change. Effects such as decreases in precipitation levels, increased frequency of extreme weather events, and shifting of rainy seasons would have a significant impact on the agricultural sector, livestock and fisheries, water resources, coastal zones, tourism, and infrastructure. Given the economic importance of agriculture in many African Least Developed Countries (LDCs) - for example, Burkina Faso, where agriculture and forestry related activities account for 86 percent of the country's employment, contribute 40 percent to GDP, and generate a significant share of foreign exchange, notably from cotton exports (over 50 percent) - these climate change-induced events could have far-reaching effects on trade, food security, and indeed on livelihoods and long-term development.

Adapting to climate change is a necessity for African countries, especially the most vulnerable economies, the LDCs. All African LDCs have drawn up a National Adaptation Plan of Action (NAPA); a key instrument of climate change mainstreaming, also meant to serve as a fund-raising proposal for adaptation projects. The adaptation funds maintained by the Global Environment Facility (GEF) are however both small relative to LDCs' adaptation needs and require co-financing, which has proved difficult for poor countries to provide on their own. Borrowing from other funds is costly and may not be a desirable option for debt-laden LDCs. Moreover, it is morally objectionable to ask poor countries to borrow to deal with a problem that is not of their making.

The Aid for Trade (AfT) initiative could complement adaptation financing where such projects have trade impacts. This article makes the case for an "Aid for Trade-plus" initiative which consists of an augmented AfT initiative that finances trade-related adaptation projects. As the international community gathers in Warsaw to advance the UN Framework Convention on Climate Change (UNFCCC) discussions, the synergies proposed in this paper merit consideration as a way to address significant climate finance constraints, as well as making trade and climate agendas more coherent and effective.

Climate change financing: A global effort

The global effort to mitigate, and adapt to the current and anticipated effects of climate change has been intense in recent years, yet the available resources are insufficient to meet the needs of the LDCs. The international community has mobilised a plethora of funds and resources aimed at adapting to and mitigating climate change. Estimates suggest that close to US\$100 billion is available through these funds. Finance is delivered mainly from the governments of developed countries, channelled either through bilateral aid or multilateral funds administered by various UN institutions. A crucial actor in the climate change financing arena is the GEF, a multilateral body that administers a number of the largest climate change funds.

The architecture of climate change financing is in a state of continuous flux. The most recent innovation is the establishment of the Green Climate Fund, agreed at the 16th UNFCCC Conference of the Parties (COP) in 2010. The GCF is expected to become the main multilateral financing instrument for climate action in developing countries, providing a total of US\$100 billion per year.

Climate change adaptation: A funding gap with consequences

In spite of the multitude of actors and the size of funding available, a large resource gap still exists. This is particularly the case for funds aimed at supporting adaptation measures. It is estimated that developing countries need between US\$100 billion to US\$450 billion per year to adapt to the effects of climate change.

The UNFCCC has established that LDCs' climate change needs are 'urgent and immediate', especially in the area of adaptation, which LDCs have identified as their top priority. The Least Developed Country Fund (LDCF), set up in 2002, is specifically geared to providing adaptation finance to LDCs. The fund has supported the preparation of National Adaptation Plans of Action (NAPAs), a process through which LDCs identify their adaptation priorities and their funding needs. To date, all LDCs have submitted their NAPAs. Some of these propositions have translated into implementation; as of January 2013, 80 specific NAPA activities have been implemented or are in the process of being implemented in 46 LDCs, with the total amount of funding dispersed for these projects running to US\$1.07 billion.

What appears to be an important contribution of the LDCF to finance adaptation efforts in reality masks a difficult situation for LDCs; the LDCF only covers part of the cost of adaptation projects and LDCs are expected to raise the remaining funds independently through co-financing. The current track record reveals that about 75 percent of the total amount spent so far on the implementation of NAPA activities has come from this co-financing share, outside of the LDCF.

LDCs are encouraged to seek aid from bilateral donors or multilateral funds. In reality however LDCs have often ended up footing a large portion of the bill themselves. For example, a NAPA project under implementation in Burkina Faso at a cost of US\$23.3 million is financed to the tune of 75 percent by three Burkinabe ministries, with the LDCF and other multilateral and bilateral donors playing a relatively small financing role.

Such a situation poses a moral and financial dilemma. First, as established early on in the multilateral climate change talks, the burden of responsibility for climate change action falls on the industrialised countries, as they were historically the largest emitters of greenhouse gases, and continue to be among the biggest polluters. LDCs, in contrast, contribute a negligible share to global emissions. However, rich countries' commitment to climate finance has lagged behind policy action, leaving LDCs with a large share of the cost of their adaptation needs.

Second, given their financial constraints, LDCs should not be expected to cover the costs of adaptation. These countries are often heavily indebted and rely on bilateral budget support. Asking them to finance their adaptation projects may lead to resources being diverted from crucial areas such as health or education. Alternatively, LDC governments may not invest sufficiently in adaptation, which they see as a smaller priority relative to their more pressing needs. This option, unfortunately, is a tragic reality among many LDCs.

The co-financing potential of AfT

It is in this context that the AfT initiative shows promise as a potential source of co-financing to complement the overall climate change finance architecture.

AfT is intended to enhance developing countries' capacity to trade by building economic infrastructure and institutions, and addressing other supply-side constraints. A close look at the adaptation priorities that LDCs identified in their NAPAs shows that a strong synergy can be built between climate change financing and AfT. This is because many of the climate change-related projects have clear trade-related impacts. More specifically, many adaptation projects focus on sustaining LDCs' trade in the agricultural sector. A key priority of LDCs here is to promote climate-smart agriculture, through enhanced productivity, diversification, and better infrastructure. Adaptation projects, such as experimental changes in crop mix, livestock breed and fish species, development and diffusion of drought-resistant crop varieties, improved soil and water management

systems, and refurbishing of weather-battered coastal infrastructure, are aimed at maintaining or raising agricultural yield in the face of climate change or variability. Whether the agricultural crops concerned by these measures are traded or not, a strong link exists between climate change adaptation and trade, even if this link is not direct and often not quite obvious. In the case of an export crop, adaptation can help maintain or increase the level of exports. Where the crop is meant for local consumption, adaptation can contribute to national food security and save foreign exchange by avoiding the need to import. In any case, even a previously non-traded crop can become an important export product if successful adaptation generates an exportable surplus.

For example, the New Rice for Africa (NERICA) - a rice variety that delivers high yields, adapts well to African environments and can thrive on poor soil conditions and dry lands - has been successfully adopted in LDCs like Guinea, Sierra Leone and Uganda. This has led to increased yields and higher incomes for farmers, as well as foreign exchange savings for these countries.

These are projects in the climate change domain; yet they have discernible trade-related impacts. As such, adaptation projects provide a link between climate change financing and the AfT initiative, a key objective of which is to help developing countries increase their exports. This link however is currently either not specified or not sufficiently emphasised in NAPAs. Instead, climate change adaptation efforts are seen more as an isolated or self-contained issue.

Table 1 sets out a possible mapping of adaptation projects into relevant AfT categories and Table 2 provides some practical examples from NAPAs.

Table 1: Mapping AfT to climate change-related projects

AfT category	AfT sub-category	Climate change related project
Trade policy and regulation and trade-related adjustment	Trade policy/ Multilateral trade negotiations	Market access for new products (new crop varieties or new agricultural/industrial products)
Economic infrastructure	Transport and storage	<ul style="list-style-type: none"> Investments in dams, hydraulics, modern water distribution systems Rehabilitation of weather-battered infrastructure Protection of coastal zones from sea-level rise
Building productive capacity	Agriculture	<ul style="list-style-type: none"> Soil rehabilitation, land terracing, fertilisation Diversifying into climate change-resistant crops Changes in crop mix, changes in mix of live-stock breed and fish species
	Industry	Diversifying away from sectors (such as agriculture) vulnerable to climate change

Source: Adapted from Ancharaz and Sultan (2010)

A unique opportunity exists to realise synergy between AfT and climate change adaptation funds. The benefits from doing so are two-fold: first, AfT could provide additional resources to top up limited adaptation finance, or it could serve as an effective co-financing instrument. Second, a complementary and reinforcing approach between the AfT initiative and the adaptation funds is likely to bring additional benefit and greater effectiveness in tackling both climate change and trade-related issues in pursuit of sustainable development goals.

AfT and adaptation financing: Promoting synergy

Operationalising the proposed synergy is rather straightforward. A forthcoming study by ICTSD proposes the following approach:

- The links between climate change adaptation and trade should be explicitly recognised and built upon. There is a need to further inform, if not educate, stakeholders on

Table 2: Trade-related aspects of adaptation projects, selected countries and projects

Country	NAPA project	Relevant AfT category
Madagascar	Rehabilitation and/or construction of protective dams and dykes	Trade-related infrastructure
	Implementation and mobilisation of water management associations	Building productive capacity
	Support to the intensification of crop and livestock production	Building productive capacity
	Promoting the use of information – education – and communication-sharing systems to reach rural communities	Building productive capacity
Lesotho	Improve resilience of livestock production systems under extreme climatic conditions in various livelihood zones in Lesotho	Building productive capacity
	Promoting sustainable crop based livelihood systems in foothills, lowlands and Senqu River Valley	Building productive capacity
	Capacity building and policy reform to integrate climate change in Sectoral Development Plans	Trade policy and regulation
	Management and reclamation of degraded and eroded land in flood prone areas (pilot project for Western lowlands)	Building productive capacity
	Improvement of community food security through the promotion of food processing and preservation technologies	Building productive capacity
Malawi	Improving agricultural production under erratic rains and changing climatic conditions	Building productive capacity
Ethiopia	Development of small scale irrigation and water harvesting schemes in arid, semi-arid, and dry sub humid areas of Ethiopia	Trade-related infrastructure
	Realising food security through multi-purpose large scale water development project in Genale–Dawa Basin	Trade-related infrastructure
Senegal	Promoting drip irrigation	Building productive capacity

Source: Individual countries' NAPAs. Available at: http://unfccc.int/adaptation/workstreams/national_adaptation_programmes_of_action/items/4585.php. Accessed 01/05/2013

Vinaye Ancharaz

Senior Development Economist,
International Centre for Trade
and Sustainable Development
(ICTSD)

Paolo Ghisu

Programme Officer for
the Competitiveness and
Development Program,
International Centre for Trade
and Sustainable Development
(ICTSD)

Sara Traubel

Master Student in Development
Studies, The Graduate Institute,
Geneva

the synergy between AfT and climate funds. Indeed, an AfT-plus initiative can make both AfT and adaptation funds more effective and contribute globally to sustainable development objectives.

- Since AfT is defined as “whatever a country considers as trade-related,” nothing excludes it from financing climate change adaptation projects where these have demonstrable trade impacts. However, AfT for adaptation financing must be new and additional.
- Operationalising the complementarity between AfT and climate change funds does not require any new governance mechanisms. There is no need, for example, for specialised funds or for a centralised facility.

Conclusion

Despite only having contributed minimally to climate change, LDCs are the most affected by it. In the future, climate change will pose a huge challenge to these countries' livelihoods, and will probably call for important sacrifices to be made in order to adapt to its unfolding reality. Adaptation, however, is costly. Whilst the international community has already made important financial commitments, a significant funding gap remains. The need to cover this gap is urgent.

In this context a complementary approach between AfT and adaptation financing presents an important opportunity. To the extent that adaptation projects have discernible trade-related impacts, a case could be made for the AfT initiative to top up limited adaptation funding or to co-finance adaptation projects. While this idea may sound ambitious, it is in fact a practical one. To implement it, developing countries need only to start demanding AfT for their trade-related adaptation needs.

BALI BRIEFING

Sustainable development and the WTO's Ninth Ministerial Conference

As WTO members prepare to meet in Bali for their Ninth Ministerial Conference, ICTSD is aiming to ensure sustainable development is part of the broader discussions.

WTO members will be in Bali, Indonesia from 3-6 December for what many expect to be the largest event hosted by the organisation in the past eight years. Although an official impasse on trade talks was declared in 2011, some issues have picked up speed in recent months.

Ministers are now hoping to agree in Bali on a three-pronged package of deliverables, which would include an agreement on trade facilitation, select elements relating to agriculture, and issues of relevance to development and least developing countries (LDCs).

On agriculture, one of the three proposals on the table concerns public stockholding for food security. Put forward by a developing country coalition group known as the G-33, it proposes greater flexibility for purchasing food at administered prices with the objective of supporting low-income producers.

As usual, ICTSD, the publisher of BioRes, will be on site at the Ninth Ministerial Conference (MC9), providing daily reporting on issues emerging from the negotiations. These will be disseminated to BioRes subscribers as they become available.

ICTSD will also be convening its Trade and Development Symposium on the MC9 sidelines, bringing together stakeholders from government, business, civil society, and intergovernmental organisations.

While environment-specific issues remain off the table for the formal Bali negotiations, these and other topics at the nexus of trade and sustainable development will be at the heart of the Symposium.

During the three-day event, participants will be generating discussion on possible policy options for addressing the myriad challenges facing the multilateral trade system. With over thirty strategic partners, a diverse range of panels and events will be on offer.

Notably, this year's Symposium features a dedicated stream on environment and natural resources, which is being organised in co-operation with partners including WWF, the United Nations Environment Programme (UNEP), the World Farmers' Organisation (WFO), and many others.

Specific topics on the agenda range from food and energy security, fisheries, forestry, the green economy, agriculture, as well as patents and climate change related technologies.

To learn more about the Trade and Development Symposium and to register for the event, visit www.ictsdsymposium.org. For real-time updates on the Ministerial, be sure to follow ICTSD's social networking channels on Twitter, LinkedIn, and Facebook.

AVIATION

European Commission proposes revision to aviation emissions rule

Europe's efforts to kick start the curtailment of aviation emissions are ramping up again, with a revised proposal to subject airlines to pay for their aviation emissions – this time only for the portion they use in European airspace.

The European Commission has announced plans to keep emissions from all airlines – foreign and domestic – covered by its Emissions Trading System (ETS), while confirming that it hopes to limit the rule's scope to include only the portion of flights taking place within the 28-country bloc's airspace. The move, some observers warn, could reignite tensions between the EU and some of its trading partners that had been opposed to the scheme.

Under the current EU ETS, all airlines landing in or taking off from an EU member state, as well as Norway and Iceland, must surrender carbon permits for the emissions they produce throughout the entire flight – including those portions that take place outside the region's air space. Airlines would be provided with 85 percent of those permits for free, only having to purchase 15 percent initially.

The aviation clause, however, is currently on hold for all flights to and from non-European countries, as Brussels had agreed to "stop the clock" on the scheme until 30 April 2014 in order to spur the ICAO discussions forward. The Commission has said that it hopes to secure approval on the new change before that deadline.

The revisions proposed on 17 October would limit the scheme to only cover the part of the flight taking place within the EU. Airlines would still be provided with 85 percent of those permits for free, and those from developing countries whose emissions account for less than one percent of global aviation levels will be exempt from charges in the EU scheme.

ICAO plans

The terms of the changes are in line with the concession Brussels had offered ahead of the International Civil Aviation Body's (ICAO) 24 September to 4 October Assembly in the hopes of spurring forward negotiations at the UN body. Prior to the meeting, the EU offered to modify the aviation portion of the ETS to only charge airlines for the portion of the flight that took place within EU airspace, lasting through 2020.

While ICAO members ultimately signed off on a plan to design a global market-based mechanism (MBM) for reducing airline emissions, they also rebuffed the use of regional schemes such as the EU's, including a section in their resolution saying that countries must seek the agreement of other nations before imposing their own measures. Brussels has indicated plans to submit a formal reservation, or caveat, to that particular paragraph.

"This MBM agreement is an historic milestone for air transport and for the role of multilateralism in addressing global climate challenges," ICAO Council President Roberto Kobeh González said following the Montreal meetings.

The European Commission says that its newly proposed changes to the ETS are an interim solution for tackling emissions until an ICAO-developed scheme can enter into effect.

"With this proposal, Europe is taking the responsibility to reduce emissions within its own airspace until the global measure begins," European Commissioner for Climate Action Connie Hedegaard explained.

Keeping foreign airlines in the EU ETS, even in a reduced capacity, could reignite tensions between the EU and many of the longtime opponents to the aviation emissions rule. Several countries, such as the US, China, India, and Russia, had openly censured Brussels over the inclusion of their airlines in the scheme, particularly taking issue with the inclusion of the portions of flights taking place in other countries' airspace.

Industry groups have already expressed concern over the European Commission proposal, warning that it could undermine the ICAO plans.

"We are concerned that the Commission is recommending a course of action that has the potential to undermine the goodwill [at ICAO] that has brought us to this point," the International Air Transport Association, a coalition that represents 240 airlines, told the Financial Times.

The proposed changes would, under EU law, require the approval of the European Parliament and EU member states. If enacted, the change would take effect from 1 January 2014 onward, and last through 2020, which is when the planned global mechanism would enter into force.

EU ETS fix: "Overhaul" proposal coming soon?

Meanwhile, options are also being considered for ways to overhaul the ETS as a whole. The system has struggled in recent years with an oversupply of carbon permits, which – combined with the EU's overall economic difficulties – has kept the prices of such permits dangerously low.

A plan to "backload" millions of permits passed the European Parliament in July, though the proposal still needs to be approved by EU member states – a process that is slated to begin this autumn. Countries like Poland, which has a large coal sector, are expected to oppose the move. However, newly re-elected German Chancellor Angela Merkel recently voiced her support to delay auctioning 900 million carbon permits.

"We need a degree of 'backloading' of carbon emissions so that the certificate price can reach a reasonable level again," Merkel said during her first post-election speech in Hanover.

Delaying these permit auctions, however, is only meant to prop up the carbon market long enough for the EU to determine broader structural reforms to the ETS. Hedegaard said late last month that an overhaul proposal from the European Commission is expected this autumn.

One option that is gaining traction, officials have said, is a "flexibility mechanism" that would effectively tie permit prices to industrial activity in the bloc. Other possibilities might involve cancelling some permits or finding other ways to boost permit prices.

FISHERIES SUBSIDIES

European Parliament upholds ban on fishing vessel construction subsidies

In the latest move by Europe to overhaul its Common Fisheries Policy, parliamentarians have voted down an effort to reintroduce controversial construction subsidies.

European Parliament has approved new spending rules for a fund dedicated to help support the bloc's fisheries industry. Parliamentarians voted on 23 October to allow the €6.5 billion European Maritime Fisheries Fund (EMFF) to be spent on the modernisation of engines and selective fishing equipment, but notably rejected a controversial proposal to reintroduce vessel construction subsidies.

While construction subsidies were banned in 2002 over concerns that Europe's fleet was already over capacity, a proposal to have them reintroduced scraped through the parliament's Fisheries Committee by 12 votes to 11. The proposal, however, did not survive last week's parliamentary vote.

Proponents of overturning the ban on vessel construction subsidies – including the legislation's rapporteur Alain Cadec – argued that the EU's ageing fleet created risks for fishermen's safety and the marine environment. Critics, including Oceans2012 – a coalition of NGOs – countered that modernisation and vessel construction subsidies maintained or even increased overfishing.

A handful of other subsidies were approved by Parliament, however. Support for the replacement and modernisation of fishing vessel engines was among these measures, provided that any new engines are at least 40 percent less powerful. Parliamentarians also signed off on a proposal to make grants of up to €100,000 available to help young people enter the industry with small scale second-hand fishing vessels.

But the approved subsidies were also contested by critics, who argued that the payments would undermine the Common Fisheries Policy's (CFP) objective of improving the sustainability of fishing. The Green-European Free Alliance coalition voted as a bloc against the proposals, arguing that the subsidies will over-equip Europe's fisheries fleet.

There was wider support for funding that would improve the management of the EU's fisheries. In an effort to reduce bycatch – non-target fish discarded by fishing vessels – funds will be available to subsidise the purchase of selective fishing equipment. Funds will also be used to gather better data about the health of the EU's depleted fish stocks.

Environmental organisations were broadly positive about the overall package. WWF, which follows fisheries subsidies closely, said rejecting the construction subsidies proposal was essential to helping ensure European fisheries remain sustainable.

"Funding for fleet renewal ended in 2002 and a reintroduction of these subsidies would have dangerously increased the capacity of the fleet, given boats a longer range and resulted in the destruction of the few remaining healthy fish stocks," said WWF's European Policy Office director Tony Long.

The vote is the latest move in a once-in-a-decade review of the CFP which began in 2011 and follows on from decisions on the core rules around subsidisation agreed in June of this year. The new rules that make up the reform package will now be negotiated with EU member states.

WTO

Faroe Islands files WTO dispute over fisheries

A new row over territorial fishing rights is expected to trigger a range of questions over sovereignty and jurisdiction, as EU member state Denmark files a WTO dispute against Brussels on behalf of its self-governing territory, the Faroe Islands.

The government of the Faroe Islands has formally lodged a WTO complaint against the EU, challenging Brussels over sanctions that have been imposed on the archipelago's fishing fleets. The dispute, filed by Denmark on the Faroes' behalf, cites an import ban imposed by Brussels on certain fish species as well as restrictions that were imposed on its fishing vessels in August.

At issue in the case are shared stocks of mackerel and herring in the North Atlantic, which until this year were managed jointly by fishing nations Norway, Russia, Iceland, the Faroe Islands, and the EU.

However, the Faroe Islands rejected the 30,000 tonne catch share they were offered under the management plan for 2013, arguing that it did not reflect an "equitable share" given the current distribution of herring stocks. Instead, the Islands' fishing fleets caught over 100,000 tonnes this year.

The EU, citing the need to protect fish stocks, responded by slamming the Faroes with a series of sanctions this past August, including a ban on herring and mackerel imports caught under Faroe Island control and a ban on Faroese fishing vessels entering EU ports.

"The Faroese could have put a stop to their unsustainable fishing but decided not to do so," European Commissioner for Maritime and Fisheries Affairs Maria Damanaki explained at the time, noting that such measures are usually used as a last resort. "It is now clear to all that the EU is determined to use all the tools at its disposal to protect the long-term sustainability of stocks."

Faroese officials, for their part, say the EU measures are unjustified and counterproductive, and have called for negotiations to resume among the group of fishing nations in order to revise the current allocations of Atlanto-Scandian herring.

"It is short-sighted and ill-considered of the EU to take such an unjustifiable step against one of its nearest European neighbours and partners," Faroe Prime Minister Kaj Leo Holm Johannesen said when the sanctions were first announced. "It is difficult to see what purposes these measures serve other than to protect fishing industry interests within the EU."

The Faroe Islands' request for consultations alleges that the EU measures are discriminatory, deny freedom of transit, and maintain non-authorised prohibitions or restrictions on imports from the Islands.

The WTO case, should it proceed to the panel stage, is expected to raise a number of new issues. Notably, it is the first WTO dispute to be launched by an EU member state in its own right, rather than by the European Commission on a member state's behalf.

The dispute also highlights the peculiar situation of territories that are not part of the European Union, but are part of EU member states. The Faroe Islands is a self-governing territory of Denmark and is covered by the latter's membership to the WTO, but the Islands are not covered by Copenhagen's membership of the European Union.

MINING

Greenland says yes to uranium, rare earth extraction

Greenland is looking to draw foreign investment and export capital by lifting a longstanding ban on uranium mining. The ban on uranium has thus far prevented the Arctic nation from accessing its intermixed rare earth deposits.

Greenland's parliament has voted to put an end to a 25-year prohibition on mining for radioactive substances such as uranium, paving the way for further investment in rare earth minerals extraction. The controversial vote – which narrowly passed by a count of 15-14 – was championed by current Prime Minister Aleqa Hammond, elected this year on a pro-mining platform.

Anti-mining protests were held outside Parliament in Nuuk, the country's capital, with critics cautioning that the extraction process will pose a threat to the Arctic ecosystem. Mining proponents, however, say the move will inject much needed foreign investment into the country's flagging economy. "We cannot live with unemployment and cost of living increases while our economy is at a standstill," Aleqa argued. "It is therefore necessary that we eliminate zero tolerance towards uranium now."

Greenland says it is keen to profit from its rare earth reserves, which have been in high demand on the global market since China – the world's largest supplier of rare earths – imposed export quotas in 2010. Australian-owned Greenland Minerals and Energy is licensed to extract rare earths from Kuannersuit, a site experts predict also holds some of the world's largest deposits of uranium.

In April, a coalition of 48 civil society groups called on the governments of Greenland and Denmark to maintain a zero tolerance policy on uranium. The coalition emphasised that upholding the uranium ban would not prevent rare earths extraction in all cases, suggesting that locations existed in Greenland where rare earths deposits are not intermingled with uranium.

The vote, however, will likely require approval from Denmark, which continues to uphold its own ban on the use of uranium. Although Greenland won the right to self-government and authority over the island's natural resources in 2009, this continues to exclude security and defence issues, under which the decision on uranium might fall.

Either way, extensive work on the legal details between the two governments will prevent Nuuk from moving ahead on extraction in the near future. "We will not be mining on Friday, nor next year, or 2015," said Cindy Vestergaard, senior researcher at the Danish Institute for International Studies.

The move has placed the sparsely populated island at the centre of a wider global debate on rare earth materials. Used in a variety of green and high-tech industries, the 17 elements are difficult to find in sufficient quantities for viable extraction. China currently accounts for some 90 percent of the global supply, but has throttled supply on the grounds that the extraction process is too damaging to the environment.

The Chinese export quotas triggered a WTO dispute settlement case by the US, Japan and EU in 2012, which argued that the restrictions handed an unfair advantage to domestic high tech manufacturers and raised costs for foreign buyers. While an official ruling has not yet been issued on the case, many mainstream media outlets have reported that a provisional decision found in favour of the complainants.

BIOFUELS

EU confirms duties on Argentine, Indonesian biodiesel imports

With Brussels confirming that it will be imposing anti-dumping duties on some biodiesel imports, the WTO could see its second dispute settlement hearing over biodiesel in less than a year.

EU member states have reportedly signed off on imposing definitive anti-dumping duties on biodiesel imports from Argentina and Indonesia, in a move that Buenos Aires officials warned could lead to another WTO challenge on biodiesel trade.

Argentina and Indonesia are the world's top exporters of the fuel, and together make up 90 percent of the EU's biodiesel imports and over one-fifth of the bloc's market share. However, Brussels claims that the two have been selling biodiesel to EU members at prices that are below their normal value – a practice known in trade parlance as “dumping.” The European Commission already announced provisional anti-dumping duties on these imports earlier this year. Those provisional measures are set to expire by end of November, at which stage these revised duties will take effect.

EU industry groups have repeatedly argued that the provisional measures announced in May were not steep enough to compensate for the negative effects of the alleged dumping. While the new duties do show an increase from the provisional ones, industry officials say that they are still insufficient.

Argentine producers are now set to face duties ranging between €217 and €246 per metric tonne, according to local media reports. Affected producers have warned that these measures could have devastating effects on their domestic industry and could cost at least US\$1 billion in annual exports. For Indonesian producers, duties will reportedly be set at between €122 and €149 per metric tonne.

“The application of this measure will cause the Argentine biodiesel industry to collapse, having repercussions along the entire soy production chain, given that the country produces its biodiesel from soy,” the Argentine Biofuels Chamber, or CARBIO, told domestic newspaper Clarín.

Buenos Aires officials say they plan to challenge these duties at the WTO as soon as they take effect, claiming that the measures are protectionist in nature.

“Argentina is one of the world's most efficient biodiesel producers,” the Argentine Foreign Ministry argued on Tuesday, slamming the EU move. “European industry, in comparison, is oversized, with producers who generally do not have quality raw materials, lack the adequate scale of production, and do not have the necessary vertical integration in order to be competitive at the global level.”

The country has already lodged a separate case (DS459) in May before the global trade arbiter against Brussels over biodiesel. That case, which is still at the consultations phase, concerns the bloc's alleged restrictions on the importation and marketing of biodiesel in the 28-nation bloc, as well as claims that the EU is unfairly subsidising its domestic industry.

Indonesian companies are also likely to appeal the EU duties, domestic trade officials told Reuters. Producers are likely to first bring the issue to the European Court of Justice and, should that effort fail, they may then pursue their own WTO challenge.

The newroom

Be sure to visit ictsd.org/news/biores regularly for breaking trade and environment news

Renewables credited with EU CO₂ reductions

New research suggests that investment in renewable energy, not the global economic crisis, is the reason for the EU's considerable carbon dioxide (CO₂) emissions reductions in recent years.

According to CDC Climat, a French investment group, the widely accepted theory that the European economic crisis was the driver behind significant CO₂ emissions reductions is unfounded. CDC's research suggests that increased investment in solar and wind technologies has brought about a significant drop in emissions.

Based on data gathered from Eurostat, between 2005 and 2011, the EU increased its renewable energy usage from 14 to 20 percent of total energy consumption. CDC asserts that these changes account for at least half of the EU's carbon savings since 2005.

Some experts say this rise in renewables use is partly to blame for problematic price drops in Europe's ETS.

Tanzanian officials arrest Chinese poachers

In a series of recent anti-poaching raids, Tanzanian police have arrested three Chinese citizens and seized almost 800 elephant tusks. Weighing at approximately 4,000 pounds, officials say the haul represents the slaughter of 353 elephants.

According to Chikambi Rumisha, a representative of Tanzania's natural resources and tourism ministry, the biggest seizure came in Dar es Salaam, where 706 tusks were confiscated in one day alone.

Rumisha indicated that police found the tusks hidden in bags of garlic at the house of three Chinese nationals. Officials also found a converted van that had been modified specifically for hauling ivory.

While the Chinese nationals say they have no association with the illegal ivory trade, police reports suggest that officials refused a bribe of 30 million Tanzanian shillings (US\$18,750).

Ukraine moves ahead with shale gas

Ukraine and the US-based energy corporation Chevron have signed a gas production-sharing agreement worth up to US\$10 billion. The 50-year contract grants Chevron extraction rights to Ukraine's western Olesska oil field.

Experts suggest the 2,000 square mile area may be among the largest reserves in Europe, holding an estimated 2.98 trillion cubic metres of gas.

The Chevron deal comes ten months after the country made a similar agreement with Royal Dutch Shell, allowing the corporation to explore and develop hydrocarbons at a gas field in eastern Ukraine.

The agreements make Ukraine one of the few European countries actively moving ahead with significant shale gas development. Ukrainian president, Viktor Yanukovich, emphasised the development of the country's natural energy resources as a critical step towards resource independence from Russia.

Mercury treaty signed in Minamata

Delegates from 140 countries and territories meeting in Minamata, Japan on 10 October adopted a binding treaty to curb mercury pollution.

The UN Minamata Convention on Mercury, named after the city that suffered a devastating mercury poisoning outbreak in the mid-20th century, is the first new multilateral environmental agreement to be signed in over a decade.

The convention seeks to curb the use of mercury in a variety of applications by targeting several products for phase-out by 2020.

The pact addresses key trade-related issues, such as consent and safe handling certification requirements for imports and exports.

The treaty will come into effect after at least 50 countries and territories have ratified it, which is anticipated to take an additional three to four years.

US EPA floats limits on power plant emissions

The US Environmental Protection Agency (EPA) on 20 September released a proposal to cap the level of carbon emissions from new power plants. The proposed regulations are a follow-up to the Obama Administration's climate action plan, which outlined a series of executive actions aimed at combating climate change.

Under the proposed regulations, new coal burning power plants are restricted to emitting a maximum of 500kg of carbon dioxide per megawatt-hour, a fraction of what current plants emit.

Coal companies are reportedly considering legal action against the EPA, claiming it is illegal for the agency to require the use of a new technology not yet proven to be commercially viable. The companies argue that complying with the EPA's rules could be prohibitively costly.

Environmental groups, for their part, say that the new proposal is a step in the right direction, and have urged the Obama Administration to impose additional climate change-related regulations through the EPA.

Prince William launches wildlife trade initiative

A major foundation backed by the Duke and Duchess of Cambridge and Prince Harry is spearheading a new initiative aimed at reducing illegal wildlife trade.

The coalition aims to focus the efforts of seven key organisations already working to end illegal wildlife trade: Conservation International, Fauna & Flora International, International Union for Conservation of Nature, The Nature Conservancy, Wildlife Conservation Society, WWF UK, and the Zoological Society of London.

The issue of wildlife trade has been gaining prominence in recent years, with a number of public figures throwing their weight behind the cause. The Duke has already partnered with footballer David Beckham and Chinese basketball star Yao Ming to help draw attention to the issue.

Prince William asserted that wildlife must be protected not only for the sake of animals but also for the ecotourism revenue they provide for rural communities where economic opportunities are often difficult to come by.

China slaps duties on US polysilicon

China's Ministry of Commerce on 16 September announced that it will impose anti-subsidy duties on US polysilicon, used in the solar panel manufacturing process.

The move is one of the latest in a long-standing row between the two countries over renewable energy trade.

The duties will be set at 6.5 percent – lower than the anti-dumping duties that Beijing announced in July following a separate investigation.

These new duties are meant to rectify the "substantial damage" that the Chinese polysilicon industry has suffered as a result of unfair US subsidies, the ministry said.

The news of the Chinese duties came only a month after Chinese producers signing onto a "price undertaking" agreement in order to avoid heavy European duties.

While the solar row has been particularly high-profile, the US and China have also sparred over other types of renewable energy support, most notably with wind power.

New Australia PM: Carbon Tax Repeal Tops Agenda

Tony Abbott, Australia's new prime minister, has promised to make the repeal of his country's controversial carbon tax one of the priority items on his agenda.

The carbon tax was passed in 2011 during the government of then-Prime Minister Julia Gillard as part of the Clean Energy Act. Under the scheme, which targets Australia's largest emitters, carbon prices were initially fixed at A\$23 (€16.43) per metric tonne during their first year, rising annually at a rate of 2.5 percent.

In 2015, the tax is scheduled to switch to a floating price emissions trading system (ETS), with many expecting permit prices to drop rapidly as a result.

The highly divisive tax was aimed at helping Australia – one of the world's largest per capita emitters – transition from relying heavily on coal toward gas and renewable energy. The revenue from the tax, supporters said, could in turn be used to fund investment into cleaner energy sources. Opponents, however, had warned that the costs of the measure could be debilitating for industry.

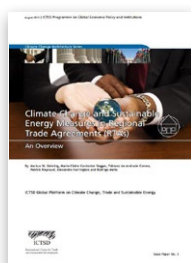
Publications and resources



Addressing the Aviation and Climate Change Challenge – ICTSD – August 2013

This paper examines the complex relationship between trade and sustainable development through the lens of commercial aviation. Reflecting on aviation's implications for both trade and the environment, the authors propose options to avoid a deadlock in regulatory negotiations between the most important actors within the fields of aviation and climate change, including different frameworks that could help the International Civil Aviation Organisation (ICAO) process and other debates on aviation and climate change move forward.

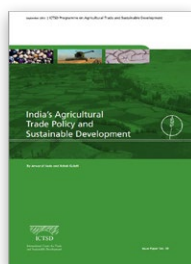
The paper can be found at <http://bit.ly/1fdMmkm>.



Climate Change and Sustainable Energy Measures in Regional Trade Agreements – ICTSD – August 2013

Regional Trade Agreements (RTAs) are increasingly used for addressing sustainable development goals by including provisions on climate change and sustainable energy. This paper examines that trend and presents an overview of different categories of such provisions in a broad sample of recent RTAs, identifying current regulatory challenges and highlighting obstacles in addressing climate change.

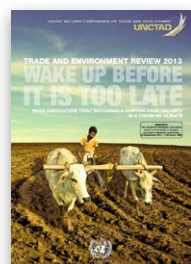
The paper can be found at <http://bit.ly/1b1V1oi>.



India's Agricultural Trade Policy and Sustainable Development – ICTSD – September 2013

This publication delves into the sustainability issues and environmental concerns surrounding the topic of food security. Using India as a case study, the authors not only examine the ways in which India's farm policy allowed the nation to turn a food deficit into a food surplus but also explore ways in which this could help achieve public policy goals such as overcoming poverty, ensuring food security and improving environmental sustainability, against the background of WTO rules and obligations.

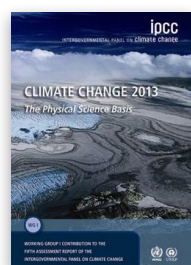
The paper can be found at <http://bit.ly/17K5jZo>.



Trade and Environment Review 2013 (TER 13) – UNCTAD – September 2013

Entitled Wake Up Before it is Too Late, TER 13 asserts that developing and developed countries alike need a paradigm shift in agricultural development: from a "green revolution" to a "truly ecological intensification" approach. According to the review's authors, the international community is in need of a rapid and significant shift from conventional, monoculture-based and high external-input-dependent industrial production towards mosaics of sustainable, regenerative production systems.

The review can be found at <http://bit.ly/1hsBrV7>.



IPCC Fifth Assessment Report – IPCC – September 2013

Although the IPCC has yet to release the entire publication, the first of four sections is available. Entitled Climate Change 2013: The Physical Science Basis, this report examines new scientific evidence of climate change. Considering this evidence, the report reinforces the claim that "warming of the climate system is unequivocal." The report also includes a stark prediction human-induced climate change is likely to increase global temperatures by two degrees Celsius in coming years.

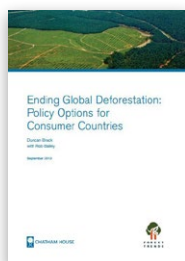
The report can be found at <http://bit.ly/HxU4cB>.



Fishing for Answers – China Environment Forum – September 2013

Highlighting China's controversial impact on the global sustainable development dialogue, this paper explores the implications of illegal Chinese fishing. According to the paper's author, growing demand for Chinese fish has led China to deplete its domestic fisheries, forcing it to intrude, sometimes illegally, on foreign fisheries. With worldwide fisheries already depleted, this expansion could prove to be a point of contention, both for foreign governments and environmentalists.

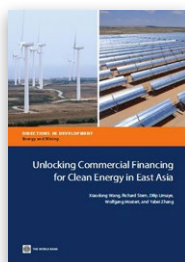
The paper can be found at <http://bit.ly/HtXZqJ>.



Ending Global Deforestation: Policy Options for Consumer Countries – Chatham House – September 2013

In an attempt to slow or reverse deforestation, many governments have taken measures to address illegal timber trading. This paper examines the lessons learned from this regulatory expansion. It also contends that clearance for agriculture is a far more significant global driver of deforestation, and consumer countries similarly provide markets for exports of illegal and unsustainable agricultural commodities. The authors go on to explore the potential applicability of the consumer country measures used to exclude illegal timber to illegal or unsustainable agricultural products associated with deforestation.

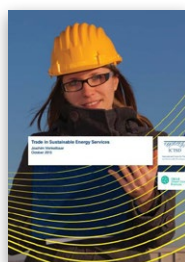
The paper can be found at <http://bit.ly/16CVnAj>.



Unlocking Commercial Financing for Clean Energy in East Asia – The World Bank – October 2013

Acknowledging that a global carbon emissions deal remains elusive, this report examines the ways in which many East Asian nations are addressing climate change at the national level. More specifically, the report's authors examine the wide range of financial instruments these nations have used to support and catalyse clean energy investment in the private sector. These include credit lines and risk guarantees designed to increase the capacity and confidence of commercial banks for clean energy lending, dedicated funds to kick-start new technologies, as well as various consumer financing instruments.

The report can be found at <http://bit.ly/1863bYy>.



Trade in Sustainable Energy Services – ICTSD – October 2013

Reflecting on the global trade of sustainable energy goods, this paper seeks to expose the largely unrecognised market for sustainable energy services. The paper examines the role of trade in services within the context of sustainable development and suggests ways forward in on-going negotiations concerning 'sustainable energy trade initiatives' (SETIs). Removal of trade barriers in energy goods and services should go together, the authors argue. In so doing, policymakers can find larger gains than doing so separately.

The paper can be found at <http://bit.ly/1aBBBoi>.



A Pathway to a Climate Change Agreement in 2015: Options for Setting and Reviewing GHG Emission Reduction Offers - World Resources Institute - October 2013

In the context of the UNFCCC negotiations and the 2015 Paris deadline, this paper addresses the mitigation aspect, or the reduction of greenhouse gas (GHG) emissions. It considers that the dichotomy of previous approaches, either top-down or bottom-up, is no longer adequate. Instead the paper calls for a combined approach that would create a new mitigation architecture that both drives ambition and equity and is deeply embedded in national economies.

The paper can be found at <http://bit.ly/19yDy6A>.

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International Centre for Trade and Sustainable Development

Chemin de Balexert 7-9
1219 Geneva, Switzerland
+41-22-917-8492
www.ictsd.org

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