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ENVIRONMENT AT THE WTO

Climate Change Takes Centre Stage at WTO Environment Committee

Members of the WTO's Committee on Trade and Environment (CTE) last week discussed a proposal on border measures, one of the more difficult issues lying at the trade and climate change nexus. The submission, tabled by Singapore, stresses that the multilateral trading system and environmental protection are both important and that they should be mutually supportive in order to promote sustainable development.

The submission, titled "Promoting Mutual Supportiveness between Trade and Climate Change Mitigation Actions: Carbon-related Border Tax Adjustments," argues that trade liberalisation is crucial for environmental protection.

"One concrete way in which Trade Policy and the WTO can and should play a role in supporting environmental protection is through the liberalisation of Environmental Goods and Services (EGS)," the submission reads. "Aside from environmental benefits, EGS liberalisation will also have trade-led development benefits."

The Singapore document refers to a list of 35 environmental goods that it has submitted to the CTE Special Session (JOB/TE/5) and says that trade policy – particularly the liberalisation of climate friendly goods, services and technologies – will complement UNFCCC efforts to combat climate change.

The WTO-UNFCCC nexus

Article 3.5 of the UN Framework Convention on Climate Change requires members to ensure that the domestic actions they take to combat climate change are non-discriminatory and that they are not used as disguised trade barriers.

The WTO contains similar requirements. Because members may adopt domestic carbon price mechanisms (e.g. cap-and-trade, carbon tax) to mitigate climate change, some consider implementing border measures – or border tax adjustments (BTAs) – to address competitiveness and leakage issues that may result.

The WTO permits the use of border measures subject to certain conditions. It is, however, unclear whether all measures on imports would be in line with WTO rules. And even if such measures are permitted, they could potentially be abused. In addition, BTAs could conflict with the UNFCCC recognition of the need for flexibility in policy responses to take account of different conditions prevailing in different countries – the principle of common but differentiated responsibilities (CBDR). Not all countries have the capacity to develop alternative energy sources and it is cumbersome to identify the energy or carbon content embodied in traded products.

According to Singapore's submission, if there is to be text on trade in a future global agreement on climate change, members should ensure that it is consistent with their rights and obligations in both the UNFCCC and the WTO.

Singapore is requesting that the WTO Secretariat prepare a compilation of existing studies on the role that BTAs can play in addressing competitiveness and leakage concerns, such measures can be applied in a WTO-consistent manner. It is also looking to develop a set of multilaterally agreed guidelines to pre-empt the abuse of BTAs.

Other members did not support this request as they consider the 2009 study on trade and climate change by the WTO and UNEP to be sufficient, according to those close to the talks. The same members reportedly say there is no room for BTAs to be allowed under WTO rules. Members in general favoured further discussion of the measures though in the CTE and thus the submission reached its objective of raising awareness of the issue.

UNFCCC briefs members on progress

Other climate issues took the stage at the CTE meeting when a representative of the UNFCCC secretariat briefed members on the progress in the negotiations on climate change. A few emerging economy members again suggested that the CTE is not to be the right place to discuss climate change, as they would prefer to have the freedom to first reach an agreement on climate change under the UNFCCC and discuss the implications for trade afterwards. Most other members reportedly responded positively to the presentation, remarking that it is very useful to be aware of what happens in the climate change negotiations.

There was particular interest in a "forum on response measures" under the UNFCCC, which will look into ways to address the negative consequences on developing countries of efforts to mitigate greenhouse gas (GHG) emissions. For example, border taxes, free allowances in emissions trading schemes, and access to climate-friendly goods and technology could have effects on international trade.

While there is currently no ongoing forum to discuss and address these trade-related climate issues, UNFCCC members last December in Cancun, Mexico agreed to devote time and space to these response measures during the Bonn and Durban climate talks this year.

Rio+20 ambassador briefs on green economy

Sha Zukang, the UN Nations Under-Secretary-General for Economic and Social Affairs and Secretary-General of the Rio+20 conference, also briefed the committee on preparations for Rio+20 and the importance of open trade for the green economy. Sha highlighted the benefits of trade liberalisation in EGS and took several questions from delegates. Queries ranged from basic definitions related to the green economy to the role of technology transfer in the process and the linkages to sustainable governance.

In general, Sha recommended to avoid green protectionism, while strengthening the benefits of trade and an open economy for sustainable development.

Finally, the Chair of the CTE decided to hold further consultations with Members on the need for the secretariat to carry out a sectoral review on energy and forestry, and ecolabelling initiatives were shortly discussed.

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China Flouts Ruling as WTO Rejects Environmental Defence in Raw Materials Case

In a high profile dispute over access to Chinese natural resources, a WTO panel on Tuesday 5 July found that China violated international trade rules by restricting the exportation of nine raw materials, refuting Beijing's claim that these restrictions were based on environmental grounds. The panel sided in all key points with the EU, Mexico, and the US, which jointly initiated the case (DS394, 395, 398) in 2009. Three days after the WTO issued the ruling, Beijing announced new export controls on coke and non-ferrous metals in direct disregard to the WTO ruling.

China maintains a system of export duties and quotas for a number of raw materials, including coke, zinc, and bauxite. These are essential for the global production of everyday items such as medicine, CDs, automobiles, and batteries as well as high technology products, such as computers and mobile phones. China greatly reduced its quotas in 2009 and 2010; the high global market prices that followed have been harshly criticised by important trading partners and their industries.

"China's extensive use of export restraints for protectionist economic gain is deeply troubling," US Trade Representative (USTR) Ron Kirk announced in a statement. "China's policies provide substantial competitive advantages for downstream Chinese industries at the expense of non-Chinese users of the materials. They have also caused massive distortions and harmful disruptions in supply chains throughout the global market place."

Western chemical, steel, and non-ferrous metal industries and their downstream clients rely heavily on imports from China, as several of the raw materials can only be sourced there.

When China joined the global trade body, it committed itself to disciplining its export duties for most natural resources, including the materials cited in the dispute; they also agreed to eliminate all quantitative restrictions including quotas.

The panel's decision was thus welcomed as a great victory by the EU, the US and other trading partners that have found themselves increasingly dependent on Chinese natural resources and face growing competition in the manufacturing sector.

"This is a clear verdict for open trade and fair access to raw materials. It sends a strong signal to refrain from imposing unfair restrictions to trade and takes us one step closer to a level playing field for raw materials," EU Trade Commissioner Karel De Gucht said in a 5 July statement.

Kirk joined this appraisal. "Today's panel report represents a significant victory," he said. "The panel's findings are also an important confirmation of fundamental principles underlying the global trading system. All WTO Members - whether developed or developing - need non-discriminatory access to raw material supplies in order to grow and thrive," he commented.

While the EU and US expressed their hope that China is ready to discuss the outcome and to comply with the ruling, recent developments could suggest otherwise. The new export quota arrangements again pertain to coke and non-ferrous metals and clearly disregard the panel's recommendation. Also, following indirect announcements by Beijing, observers expect China to appeal the decision.

"It is not a surprise," said Johnson Chan, vice-chairman of the Hong Kong Energy and Minerals United Associations in response to these developments. "China puts priority on feeding its own needs so that it will meet its objective to be a hi-tech manufacturing hub."

Environmental argument not valid for export restrictions

In an email statement sent to BioRes, Beijing expressed "regret that the panel finds that China's relevant measures regarding export duties and export quotas are inconsistent with China's obligations under its Accession Protocol and the WTO covered agreements."

China had argued in its defence that its export restriction policy was justified under WTO law, more precisely the general exception clause of Article XX of the WTO's General Agreement on Tariffs and Trade (GATT), for reasons of natural resource conservation and the protection of public health. "At the 2009 rate of extraction, only four and a half years of China's reserves remain," China noted in one of its submissions to the panel.

Moreover, the extraction of certain materials is harmful for the environment and health, Beijing had argued during the course of litigation. "The control of the export of high-energy-consumption, high pollution and resource-based products was utterly necessary for the [...] reduction of environmental pollution, freeing the economic development from the limitation by resource and alleviating the tense relations among coal, electricity, and oil," China submitted.

The panel disagreed with this position in their ruling. "Neither the measures implementing the export restrictions, nor the contemporaneous laws and regulations, convey in their texts that the export restrictions are contributing to, or form part of a comprehensive programme for the fulfilment of the stated environmental objective."

Furthermore, the panel found "no clear link between the way the duty and the quota are set and any conservation objective."

The panellists also criticised China for lacking corresponding restrictions on domestic production and consumption of these materials, which is a requirement under WTO law when claiming a GATT Article XX exemption.

In this regard, it noted that "export restrictions are not an efficient policy to address environmental externalities, when these derive from domestic production rather than exports or imports… The pollution generated by the production of goods consumed domestically is not less than that of the goods consumed abroad."

The EU, which has traditionally supported the GATT's environmental protection clause, welcomed this position. "The EU believes that export restrictions cannot and do not contribute to the aim [of promoting a cleaner and more sustainable production of raw materials]. There are much more effective environmental protection measures that do not discriminate against foreign industry."

Support to EU position on rare earths?

The environmental twist might have ramifications for another looming conflict between China and the EU over seventeen rare earth minerals that are vital for the high-tech industry. China maintains a quasi-monopoly for these materials, but has introduced a number of export restrictions in recent years that have been seen as threatening the EU's position.

Though panel and Appellate Body decisions have no precedence effect at the WTO, the panel's ruling on the raw materials dispute is an important indicator of how WTO rules could be applied to such cases.

Importantly, the panel did not only reject China's conservation defence on the basis of insufficient evidence, but it found that "WTO Members cannot rely on Article XX (g)'s [conservation exception] to excuse export restrictions…if they operate to increase protection of the domestic industry." It noted that this would violate another provision of Article XX (paragraph (i)) and that "'conservation' cannot be interpreted in such a way as to…allow a Member, with respect to raw materials, to do indirectly what paragraph (i) prohibits directly."

Finally, the panel stressed export restrictions' potential long-term negative effects on conservation efforts. "By reducing the domestic price, [an export restriction] works in effect as a subsidy to the downstream sector, with the likely result that the downstream sector will demand over time more of these resources than it would have absent the export restriction."

China has sixty days to decide whether it will appeal or implement the panel's decision, otherwise it risks facing retaliatory actions from the EU, Mexico, and the US.

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BIOTECHNOLOGY

Brussels Supports Decentralised GM Crop Proposal

European Parliament last week voted to support a Commission proposal to allow individual European governments decide national policy on cultivating genetically modified (GM) crops. A detailed list of possible grounds for bans accompanied the proposal's approval including environment, socio-economic considerations, and land use.

"This vote is a clear signal from the Parliament to the Council and Commission," said French Minister Corinne Lepage, draftswoman on GM authorisation. "Some agricultural and environmental effects, as well as the socio-economic impact linked to contamination, can be cited by member states to justify a ban or restriction."

The initial Commission proposal was written so as to allow member states to restrict or ban GM cultivation on all grounds except environment and health. This was because environment and health concerns were already supposed to have been considered as part of the European Food Safety Authority (EFSA) safety approval process (See Bridges Trade BioRes, 7 February 2011).

By maintaining environmental grounds in the proposal, Brussels reports that it will provide member states with "a solid legal basis" for banning GM crop cultivation under the WTO legal structure.

A variety of other grounds were also listed based off of the indicative list the Commission had previously developed. These include reasons that range from environmental aspects, such as pesticide resistance and species invasiveness to socio-economic grounds like conservation of biodiversity.

The European Health Minister John Dalli said that specifying the grounds on which the cultivation could be restricted would enhance the legislation. "I can therefore support this approach," he said.

Dalli also cautioned that the environmental considerations listed must be distinct from those that have been considered by the EFSA.

Brussels responds to deadlock

Last year, the Commission proposed that the decision-making process on GM crop cultivation be partially decentralised in response to a deadlock in the crop approval process (see Bridges Trade BioRes, 23 July 2010).

Only two genetically modified seeds have been approved for cultivation in Europe: a strain of maize produced by agriculture giant Monsanto and a type of starch potato from Amflora, which was approved in March, but only for industrial uses (see Bridges Trade BioRes and 19 March 2010).

Brussels has also been struggling with how to deal with several member states that have defied the centralised policy on the issue and unilaterally implemented GM crop bans. Member states Austria, Bulgaria, Germany, Greece, Hungary, Ireland, and Luxembourg have issued bans on the cultivation of GM seeds, citing health and environmental concerns under a safeguard clause contained in the 2001 directive (see Bridges Trade BioRes, 3 April 2009).

Other countries, however - including the Czech Republic, the Netherlands and the United Kingdom - appear more open to allowing their farmers to grow the altered crops.

Critics fear EU fragmentation

While the vote passed with 548 votes in favour, the 84 votes against the proposal are some of the key powers within Europe (See Bridges BioRes, 21 March 2011).

Critics fear that the legislation will lead to fragmentation of internal EU policies, uncertainty for farmers and incompatibility with WTO law. Given the continued opposition, analysts say it is unlikely the draft legislation will be finalised this year.

Lawmakers also voted to maintain the current framework for GM certification but is asking the EFSA to improve its risk assessment by examining the long-run environmental effects and the effects on non-target organisms before authorising a new GM crop. They also insisted that member states must take measures to prevent GM contamination of conventional or organic crops.

Environmental groups lauded the move, saying that national governments will be in a better position enact GM policy that is more reflective of the will of their citizenry.

"This is a clear signal from MEPs that they are on the side of the majority of European citizens who oppose GM crops," said Mute Schimpf, food campaigner for Friends of the Earth Europe. "It is now up to the Commission and governments to make sure safeguards against GM crops are upheld."

ICTSD reporting. "Parliament paves way for GMO crop bans," EURACTIV, 6 July 2011; "EU Lawmakers Give Backing For National GM Crop Bans," REUTERS, 6 July 2011.

OPINION

The High Cost of Cheap Energy: Russia's Fossil-Fuel Subsidies Undermine Sustainable Development

By Tara Laan

Russia provides some of the largest subsidies for fossil-fuels in the world. The International Energy Agency (IEA) estimated that Russian subsidies for the consumption of fossil-fuels totalled almost US$34 billion in 2009.[1] Russia is not alone in reducing the prices of fuels for its citizens. The IEA estimated that in 2009 global consumer subsidies for fossil fuels totalled US$312 billion. These estimates do not include subsidies to fossil-fuel producers, which may be another US$100 billion per year globally.[2]

Russia's fossil fuel subsidies are concentrated around natural gas and electricity (most of which is produced from gas) as consumer prices for oil products and coal have not been subsidised since the 1990s.[3] Russia is the world's largest producer of natural gas, the largest exporter and the biggest reserve holder.[4] After the United States, China, and Japan, Russia is the world's fourth largest electricity producer.[5] Both gas and electricity are sold within Russia at average prices that are well below international market prices. This "price gap" between domestic and international prices was estimated to be approximately US$19 billion for gas and US$15 billion for electricity in 2009:

[1] IEA. (2010). World Energy Outlook 2010. OECD/IEA: Paris.
[2] Global Subsidies Initiative, 2009. Achieving the G-20 Call to Phase Out Subsidies to Fossil Fuels. Policy Brief, October, International Institute for Sustainable Development, Geneva
[3] ASIA PACIFIC ENERGY RESEARCH CENTRE, (2003). APEC Energy Overview: Russia.
[4] Simmons, D. and I. Murray. (2007) Russian Gas: Will There Be Enough Investment? Russian Analytical Digest. Issue 27/07 pp. 2-5.
[5] Solanko, L. (2010). How to proceed with at 1000 twh reform: restructuring the Russian power sector. The Finish Institute of International Affairs.

equivalent to US$238 per person and 2.7 percent of GDP, according to IEA estimates. Fossil-fuel consumption was subsidised at an average rate of 23 percent, meaning that consumers paid 77 percent of the full economic cost of energy prices.

This sounds like good news for the Russian people, especially poorer households. But appearances can be deceptive. Energy subsidies actually hold back economic development and are not an effective way to help the poor, not to mention the adverse environmental impacts.

Looking at the social impacts first, studies have found that energy subsidies tend to disproportionately benefit the middle-class and rich.[6] This is because energy subsidies are not usually income tested but provided per unit of energy consumed. There is a strong correlation between wealth and energy consumption. Therefore those consuming more energy receive more of the benefits. A more effective way to help the poor would be to sell energy at market prices and use the revenue (US$34 billion in the case of Russia in 2009) to provide direct assistance to those most in need. This could be delivered through the social safety net as cash payments or through increased spending on social services such as health, education and housing.

From an economic perspective, subsidies artificially reduce prices thus encouraging higher consumption and discouraging investment in new energy infrastructure and efficiency measures. Russia scores poorly compared with other countries in converting its energy resources into economic growth. For example, Russian gas consumption per capita is similar to Canada but consumption per unit of GDP is roughly five times higher than IEA countries.[7] The inefficient use of energy hastens resource depletion and reduces the amount of energy available for export, thereby reducing government revenues available for social programs and infrastructure.

Low prices have also meant that there has been little incentive for energy suppliers to invest in new production or distribution infrastructure, due to the prospect of low financial returns. As a result, Solanko finds that Russian communities have suffered from electricity shortages and there have been large energy losses from an unreliable and inefficient electricity grid. In the gas sector, under-investment has hindered the development of new gas production and distribution infrastructure such as pipelines and transportation, which has put a break on economic development.[8]

The other logical consequence of higher consumption is greater greenhouse-gas emissions and local air pollution. The IEA estimates that phasing out global consumption subsidies for fossil fuels between 2011 and 2020 could cut global CO_2 emissions by 5.8 percent compared with a "business as usual" scenario. The OECD estimates that emissions reductions could be as high as 10 percent by 2050 if the same subsidies for fossil-fuel consumption are removed by 2020.[9] Eliminating fossil-fuel subsidies provides a way for countries like Russia to make a major contribution to greenhouse gas reduction without introducing carbon taxes or an emissions trading system.

Subsidies also undermine the incentive to invest in existing cleaner energy sources and technologies by artificially reducing the consumer price for fossil-fuel products. In the same way, energy subsidies discourage innovation in the production and deployment of cleaner types of energy, such as renewables.

The Government of Russia recognises these negative impacts of subsidies and has embarked on a program of bringing gas and electricity prices up to market levels. Gas prices are being gradually increased towards the prices charged to European

[6] For example, see: International Monetary Fund. (2008). Fuel and Food Price Subsidies: Issues and Reform Options. Washington: The IMF.

[7] Russia's energy intensity was 0.3 tonnes of energy per US$1000 of GDP in 2008, 72% higher than the global average (IEA, 2010).

[8] Simmons, D. and I. Murray. (2007) Russian Gas: Will There Be Enough Investment? Russian Analytical Digest. Issue 27/07 pp. 2-5.

[9] IEA, OECD, OPEC and World Bank. (2010). Analysis of the scope of energy subsidies and suggestions for the G-20 initiative. Joint report for the prepared for submission to the G-20 Summit Meeting Toronto (Canada), 26-27 June 2010.

importers (minus export taxes and transport costs).[10] This process is due to be completed in 2014. According to Solenko, from January 2011, all electricity purchased from the wholesale market for industrial purposes will be at market prices.

But the liberalisation program is far from comprehensive. Household electricity will continue to be cross-subsidised by industry until at least 2014 (Solenko, 2011). Household consumption is 10 percent to 15 percent of total electricity consumption. There also remains significant government ownership in the gas and electricity sector. Gazprom, a state-controlled company, accounts for over 60 percent of Russian reserves and almost 85 percent of Russian production, according to Simmons and Murray. Gazprom owns the Russian gas pipeline system and has a legal monopoly on gas exports. The state is also a major owner of power generation. Three state-owned companies control over one third of power generation capacities. If pricing from state-controlled Gazprom assets are also taken into consideration, Solenko estimates that over half of the electricity generation in Russia remains state-controlled.

Continuing government ownership and control over energy resources may prevent competition and under-pricing could contribute to on-going inefficiency and under-investment. The chief economist of Fortum, a Finnish company with significant investments in power generation and district heating in Russia, commented that subsidies for heating and household electricity remained an impediment to the operation of efficient markets in Russia.[11]

While eliminating gas and electricity subsidies will clearly deliver economic and environmental benefits, it remains true that poorer households will find it difficult to cope with the higher prices. In a survey conducted in 2006, 57 percent of respondents in Russia indicated that higher utility bills had had a significant impact on their lives. For households that depend on subsidies to make energy affordable, energy price rises and possible inflation can put poor households under severe financial stress.

But subsidy reform can be designed and implemented in a way that minimises the negative impacts for poor households. A suite of policies have been used by countries around the world to ease the transition away from energy subsidies. The government can use the revenue gained from subsidies (that are mostly harnessed by the middle class and rich) to those vulnerable to energy poverty. As discussed earlier, this can be delivered through the tax system, social payments, cash transfers, or increased social spending.

The way in which subsidies are eliminated can also ease the transition to market prices and build public support for reform. Best practice includes a clear communications campaign to articulate the benefits of reform, stakeholder consultation, transparency about energy prices, a gradual phase-out of subsidies, and monitoring of the impacts of implementation with adjustments if necessary.

Energy subsidies have played an important role in Russia's past as a way to make energy affordable for industrial and residential consumers. But subsidies are a blunt instrument for delivering support and they cause market distortions that—ironically—lead to energy shortages and waste. Greater efficiency in the sector will help Russia maximise its economic gain from its vast energy resources, so long as policies are in place to ease the transition away from subsidies particularly programs to help those vulnerable to higher energy prices.

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[10] IEA. (2011). Are we entering the golden age of gas? Special report. *World Energy Outlook 2011*. Paris: International Energy Agency.

[11] Ollus, S-E. (2011). Russian electricity sector reform: status and success so far - some thoughts from one player in the market. Chief Economist, Fortum Corporation, speaking at the Finish Institute of International Affairs seminar "Russian Energy Sector Reform", 18 January 201. Helsinki: Finnish Institute of International Affairs.

IN BRIEF

Aviation Emissions Case Hits European Court of Justice

The European Court of Justice last week started proceedings on the EU's controversial legislation requiring all airlines flying to and from Europe to pay a fee to offset emissions from 2012 onwards. Airlines around the world have lashed out at the proposed element of the bloc's Emissions Trading System (ETS), arguing that the measure will be costly, illegal, and particularly unfair for long-haul carriers.

Three US airlines (American, Continental, and United) and the Air Transport Association of America (ATA) have taken legal action against the EU legislation, claiming it is against international law. Success by the ATA and the US airlines will have profound implications for the future of EU climate policies relating to aviation, and possibly also to maritime emissions as well. Other airline groups have warned of a possible "air war" if the legal status of the EU legislation is not clarified soon.

From the 1 January onwards, non-EU airlines will have to surrender allowances for their greenhouse gas emissions upon arrival in or departure from an EU airport. Even though a high proportion of the allowances will be allocated free of charge, this proportion is based on historical emissions, and aviation emissions are growing rapidly.

The US airlines and the ATA are mainly contesting the unilateral and extra-territorial nature of the EU's legislation.

"As proposed, the EU ETS provisions would regulate an entire flight from across the United States to the EU, even though the flight would be in EU airspace for only a tiny fraction of the journey," ATA told the court. "If the EU ETS regime implemented an international agreement agreed by third countries, as well as by the EU, we would not be here today."

To be more precise, it is argued that the EU measure violates the Kyoto Protocol – which provides that parties should regulate greenhouse gas emissions from international aviation through the International Civil Aviation Organization (ICAO), several articles of the Chicago Convention, the EU/US Open Skies Agreement – which liberalises air transport between the US and the EU, as well as established principles of customary international law.

The European Commission remains convinced that the Luxembourg-based court will rule that its legislation is consistent with international law.

"We don't intend to withdraw or amend the law at all," said Isaac Valero-Ladron, a spokesperson for EU Climate Commissioner Connie Hedegaard. "The purpose of the directive is to reduce emissions, not to charge companies. We can't impose a burden only to European airlines and not include others, it would be distortion of competition."

The advocate general of the European Court of Justice is expected to issue an opinion on 6 October, which can then be accepted or rejected by the court. The final judgment will likely be issues some six months following the preliminary finding.

ICTSD Reporting; "European Court of Justice begins hearing US airlines' ETS challenge," AIR TRANSPORT WORLD, 6 July 2011; "The ATA case against the EU ETS," ENVIRONMENTAL LAW & MANAGEMENT, October 2010; "ATA: EU Trying To Regulate U.S. Emissions," AVIATION WEEK, 6 July 2011.

US Mulls Ambitious Emissions Standards

The US auto industry, environmental groups, unions, and state governments are considering an ambitious White House proposal that would drastically increase emissions standards and mileage requirements for US vehicles.

The proposed legislation would require new cars and trucks to average 23.89 km per litre (56.2 miles per gallon) by 2025. This would double current mileage levels in the US, which has one of the lowest global standards for vehicle emissions.

Environmentalists are pushing for the implementation of the most rigorous level that the Obama administration proposed while automakers have said they are willing to raise vehicle mileage to 18.11 to 19.85 km per litre (42.6 to 46.7 miles per gallon).

Environmentalists have applauded the proposal, arguing that a major shift on emissions is needed.

"This is essentially 'business-as-usual' given today's highly competitive market and volatile gasoline prices," Roland Hwang, Transportation Program Director at the Natural Resources Defense Council (NRDC), told BioRes. "We think the standard must be much more stringent to drive real change that goes beyond what the automakers will do anyway."

But the auto industry warns that to meet these emissions standards, cars would have to become smaller and would be some US$2,100 more expensive.

"We can build these vehicles," said Gloria Bergquist of the Alliance of Automobile Manufacturers, the industry lobby group, in an interview with the New York Times. "The question is, will consumers buy them?"

The current negotiations are looking to extend a 2009 landmark accord that the Obama administration pushed through as it saved the US auto industry from collapse. The agreement sets a target of fuel efficiency of 15.09 km per litre (35.5 miles per gallon) by 2016.

According to the White House, the fuel economy standards will save the US from importing 1.8 billion barrels of oil and reduce fuel costs for consumers by US$3,000.

"The politics of fuel economy are very favourable to the Administration," said Hwang. "Automakers are expected to make some noise, but the technology and politics are there to support a strong standard, so at the end of the day, that's what I expect to see."

Hwang also pointed out that General Motors has already broken from other automakers and says they will find a way to meet 23.89 km per litre regardless.

The US lags behind Europe which is on track to making vehicles hit 27.55 per litre (64.8 miles per gallon) by 2020 and continues to march forward with its at times controversial Emissions Trading Scheme (see BioRes, 27 June 2011)

Analysts say an agreement that would significantly strengthen emissions standards and raise mileage requirements for cars and light trucks is expected to be a central pillar of US President Barack Obama's energy policy.

A firm proposal on the issue agreed upon by all parties is expected by September.

ICTSD Reporting; "Carmakers and White House Haggling Over Mileage Rules," NEW YORK TIMES, 3 July 2011; "US preparing new auto mileage standards," FINANCIAL TIMES, 4 July 2011; "White House considers 56.2 miles per gallon by '25," THE WASHINGTON TIMES, 27 June 2011.

Washington Struggles to Clarify Approach to National Climate Policy

Recent developments on climate change policy in the United States have left many analysts scratching their heads as to what direction the country is headed. At mid-year climate talks last month in Bonn, Germany, Washington fiercely resisted calls for ambitious action – at least internationally (see Bridges Trade BioRes, 27 June 2011). Domestically, however, some states are working to pass ambitious climate legislation and President Barack Obama has just proposed plan that – if implemented – would significantly strengthen vehicle emissions standards by 2025 (see related story, this issue).

According to sources close to the Bonn talks, the sway of industry and dirty energy production has been one of the leading obstacles to the US taking more of a leadership role in UN Framework Convention on Climate Change (UNFCCC) negotiations. But free of national political wrangling, individual states have been more successful in implementing climate legislation.

Among the fifty American states, California has been one of the most progressive on climate action. Still, the Golden State has regularly struggled to fend off opposition to many of its programmes. A California court recently lifted an injunction that prevented further development of a cap-and-trade programme, arguing that the lower court that had applied the injunction had insufficiently considered alternatives to the cap-and-trade regulations. The decision now makes it possible for the California Air Resources Board to resume work on developing regulations, which need to be finalised in late October in order to go into effect by January 2012.

Meanwhile, the US Supreme Court handed down a decision on 19 June signalling that the federal Clean Air Act regulation of carbon dioxide and greenhouse gas (GHG), administered by the Environmental Protection Authority (EPA), removes the option of using common law public nuisance claims against polluting entities. Such legal battles – not based on regulation but on case law – were proliferating as a grassroots approach to decreasing GHG emissions.

Currently, in the absence of a clear national policy on climate change, US action is being criticised as slow and encumbering the international process for a global agreement to reduce emissions.

As the climate community looks towards the UNFCCC's annual December meeting, all eyes will, once again focussed on Washington, to set the pace for negotiation. But in the absence of a clear climate policy, many pundits are predicting more of the same.

ICTSD Reporting; "Climate, Energy, & Air Weekly Update - June 20-24, 2011," 27 June 2011, VANNESS FELDMAN; "The Other Decision: The Supreme Court Extinguishes Creative Climate Change Litigation," HUFFINGTON POST, 22 June 2011.

EVENTS AND RESOURCES

Events

If you would like to see your event listed here or are interested in finding out more about publicising your event through ICTSD, write to biores@ictsd.ch. For a more comprehensive list of events for the trade and environment community visit the BioRes online calendar.

Coming up in the next two weeks (11 – 25 July)

11-15 July, London, UK. 62ND MEETING OF THE MARINE ENVIRONMENT PROTECTION COMMITTEE. This meeting will be the 62nd meeting of the International Maritime Organisation's subsidiary body on environmental protection (MEPC). The committee will submitted proposals for new work programmes with highlighted topics of international measures to address biofouling from ships to minimise the transfer of aquatic species and sediment control on ships. New work programmes are expected to be adopted on the final day of the meeting. Further information about the meeting and the topics under discussion is here.

11-12 July, Nairobi, Kenya. NATURAL RESOURCE MANAGEMENT OF THE WATER-ENERGY-LAND NEXUS WITH A FOCUS ON THE PRIVATE SECTOR ROLE. This programme will include a discussion on the new content of natural resource management, explain the WEL nexus, provide insights into the use of inclusive and sustainable growth in the report, discuss our progress on the land, water and energy chapters and a special session will be devoted to the role of the private sector in managing natural resources. It will give eminent international personalities, such as Achim Steiner (Director of UNEP), the opportunity to express their views on these issues in keynote addresses. More information available here.

11-15 July, Lombok, Indonesia. INTERNATIONAL CONFERENCE ON FOREST TENURE, GOVERNANCE AND ENTERPRISE: EXPERIENCES AND OPPORTUNITIES FOR ASIA IN A CHANGING CONTEXT. Organised by Rights and Resources Initiative (RRI) and the International Tropical Timber Organisation (ITTO), this conferences aims to promote an assessment of the relationship between forest tenure, sustainable forest management and income generating enterprises to promote action across a range of Asian countries. It will bring together stakeholders from the Asia-Pacific region and beyond and follow-up on RRI-ITO organised international tenure conferences held in Acre, Brazil in July 2007 and Yaoundé, Cameroon, in May 2009. Further information available here.

16-22 July, Rome, Italy. THIRTEENTH SESSION OF THE COMMISSION ON GENETIC RESOURCES FOR FOOD AND AGRICULTURE (CGRFA 13). The session, which is convened under the constitution of the Food and Agriculture Organization of the United Nations, will focus on plant and aquatic genetic resources, the application and integration of biotechnologies in the conservation and utilisation of genetic resources, and climate change and genetic resources for food and agriculture. The four day session will be preceded by a day of regional consultations on the conference's key issues. For more information, visit the event website.

18-20 July, Las Vegas, US. THE NATIONAL R4 CONFERENCE. The US Chamber of Commerce BCLC National R4 Conference is for business, government and non-profit leaders who are developing new technologies and approaches to environmental challenges and who want to promote market-based solutions and public-private partnerships to achieve their goals. This National Conference will showcase innovative solutions across the areas of revitalisation, reinvention, resilience and responsibility. Further information on the conference is on the official website.

22 July, London, UK. THE FUTURE OF THE WORLD TRADING SYSTEM. This event, organised by Overseas Development Institute (IDI), will look carefully at the future trade in light of recent developments at the WTO. Organisers say that after a decade of negotiations, there are few signs that the long-running Doha round of global trade talks will be finalised soon. Looking forward, trade officials now openly speak about a so-called "plan B" involving salvaging non-divisive issues from the current round and agreeing upon those as a stand-alone agreement. The event will be streamed online. Further details are available on the ODI website.

Other upcoming events

26 September, Chicago, US. ENHANCING DECISION MAKING: A ROUNDTABLE WORKSHOP ON IMPROVING UNDERSTANDING OF THE ECONOMIC, ENVIRONMENTAL, AND OPERATIONAL IMPLICATIONS OF CLIMATE CHANGE. This 1-day workshop is designed to foster cross-sector collaboration to develop tools and resources that will improve the understanding of the economic, environmental and operational implications of climate change. Hosted by the Association of Climate Change Officers (ACCO), US Global Change Research Program (USGCRP)

and Local Governments for Sustainability USA (ICLEI) this workshop will bring participants together to identify needs and resources crucial to making the business and/or operations case for establishing sound climate change strategies. More information and registration details available here.

27 September, Jakarta, Indonesia. FORESTS INDONESIA: ALTERNATIVE FUTURES TO MEET DEMANDS FOR FOOD, FIBRE, FUEL AND REDD+. This event will provide a platform for leaders of government, parliament, the international and national business community, civil society and the research and development sector to discuss the challenges and opportunities faced by Indonesia in the sustainable use of its forests. It will focus on a series of forums under two themes: trade and investment: implications for forests; and Reducing Emissions from Deforestation and Forest Degradation (REDD+) in developing countries, as well as conservation, sustainable management of forests and enhancement of carbon stocks in transition to a low-carbon future. For further information visit the website.

31 October – 4 November, Montreal, Canada. SEVENTH MEETING OF THE CBD WORKING GROUP ON ARTICLE 8(j). This is the seventh meeting of the Ad Hoc Open-ended Working Group on Article 8(j) and Related Provisions organised by the Secretariat of the Convention on Biological Diversity (CBD). The agenda includes items on: mechanisms to promote the effective participation of ILCs in the work of the Convention; an in-depth dialogue on ecosystem management, ecosystem services and protected areas; and several tasks of the multi-year programme of work on the implementation of Article 8(j), including a strategy to integrate Article 10 with a focus on customary sustainable use as a cross-cutting issue into the programmes of work and thematic areas of the Convention. Further details are available on the CBD website.

13-19 November, Medellín, Colombia. SEVENTH INTER-AMERICAN DIALOGUE ON WATER MANAGEMENT (D7). This event, hosted by the Government of Colombia, will have the main objective of reflecting the advances on integrated water resource management in the region, as well as thinking about the challenges and demands in the future. Discussions began on World Water Day 2011 and will arrive at D7 as a milestone in the process to consolidate recommendations. More information can be accessed here.

Resources

BIOSAFETY RESOURCE BOOK (June 2011). Published by the UN Food and Agriculture Organisation (FAO). This book is based on materials from a series of training courses organized by the FAO from 2002 to 2010 in the framework of its biosafety capacity development projects. These training courses were tailored to meet the needs of biosafety regulators, policy-makers and members of national biosafety committees. Aimed to offer background knowledge critical in the process of reviewing biosafety dossiers and biosafety-related decision-making, these courses acquainted attendees with concepts and methodologies relevant to risk analysis of GMO release and biosafety management. This book consists of five modules and special attention has been paid to avoid technical jargon and to keep the modules scientifically accurate as well as accessible to non-specialists. The book is available here.

DOHA AND BEYOND: CONTINUING THE REFORM OF THE INTERNATIONAL TRADE SYSTEM FOR FOOD AND AGRICULTURAL PRODUCTS. An IPC position paper (June 2011). Given the sensitivities over agricultural liberalisation, a multilateral approach – which offers countries trade-offs outside of agriculture – has always been considered crucial for further reforms in the international food and agricultural trade system. In this paper, the IPC adds their voice to those who continue to argue that a successfully concluded Doha Round at the WTO will bring enormous benefits, both in economic terms but also in systemic terms. The position paper is available for download from the IPC website.

LEVERAGING PRIVATE SECTOR INVESTMENT IN DEVELOPING

COUNTRY AGRIFOOD (May 2011). By Charlotte Hebebrand, published by the Chicago Council on Global Affairs. In this commissioned piece, Hebebrand finds that the for-profit sector is now a critical player in the shift from subsistence agricultural economies, where poverty and uncertainty perpetuate hunger, toward well-functioning commercial systems, where farmers can afford needed inputs and reach cash markets. In the paper, she seeks to examine what has been done and what needs to be done to strengthen agricultural development through private sector investments. The paper can be accessed here.