

February 22, 2007

Proposal on GBEP Trade and Bioenergy work program
draft

Dear Colleagues,
first of all I would like to thank you for your insightful comments and I would like also to apologies for some lack of clarification in my previous paper.

I received comments by 9 Partners, and although there are some divergences on the activity focus and prioritization, the majority of you have expressed enthusiasm in dealing with the Trade and Bioenergy issue.

This paper is going to address the following issues:

1. Rationale behind the draft program of work (in terms of overall partnership's goals and potential priorities to deal with);
2. Overall issues, Agreement and divergences on the first draft work program proposal (December 29th) and new proposals;
3. How to move forward.

1. Clarification about the rationale behind the draft program of work

Among others, GBEP function is:

2.1 Create a global high level policy dialogue on bioenergy, supporting national, regional and international bioenergy policy discussions, that facilitate international cooperation and market development;

And an agreed short-term goal is:

2. Identify gaps in knowledge or areas of weak understanding;

The GBEP, in substance, acts as a clearinghouse in order to make available, gather information in a comprehensive way on Bioenergy, as well as increase knowledge where there is a gap in understanding.

During last September GBEP Steering Committee there was a general agreement that there is room for increasing knowledge and information on Trade and Bioenergy.

Italy took the lead on this issue, and we made some proposals (to be evaluated by Partners) for a possible work programme. The proposals listed were dealing with:

- A. Classification of bioenergy;
- B. Preferential Trade Arrangements;
- C. Domestic regulations and standards for biofuel development;
- D. Carbon price.

That means that we could embark on some of them, all of them, add others, or withdraw them.

2. Overall issues, Agreement and Divergence on the first draft work program proposal (December 29th)

2.1 Overall issues

2.1.1) A core issue: how to name our work program? It has been argued, due to currently negotiations in the WTO context that GBEP is not in the position to work on Trade matters, but instead on “*Economic Development of Bioenergy*”.

Do we have to change our work program focus, or could we further clarify our scope of work, highlighting that GBEP is not in the position (according the TOR) and in the status (Partnership Initiative) to be engaged in negotiations?

2.1.2) Need to look at what is already on the ground, avoiding duplications and improving complementarities (e.g. OECD working paper on Trade and the Environment: Liberalizing Trade in Renewable Energy: Biofuels, Brazilian international network on biofuels)”.

2.1.3) Need to look not only at biofuels, but at bioenergy for all applications (heat, power generation and transport). Some partners would like also to include feedstock as forest residues and organic waste.

2.2) Agreement

2.2.1) **Classification of Bioenergy.** There seems to be a generalized agreement (even if some Partners do not feel this one as a priority) on the need to develop a discussion on issues related a bionergy classification, analyzing the pros and versus of different classifications. This work could improve our understanding of different options, in order to get precise statistics as well as to facilitate worldwide use and development of biofuels.

2.2.2) **Domestic regulations.** A quite large interest is attached to comprehensive information on domestic and regional regulations and standards on bioenergy. A review of what kind of economic incentives or disincentives governments use, could also be the focus of our review.

Which are the regulations in place (in EU, US, Mexico, South Africa) future objectives, etc.

As stated by one Partners, that would help individual governments evaluate their own and their partners’ measures.

2.3) **Divergence/Not clarity**

2.3.1) **Preferential Trade Arrangements (PTA).** It has been argued that, from one side that we should not look at this item because related to WTO negotiations.

In order not to make this misunderstanding, a possibility to be discussed during the WG could be to be clearer in the focus of our review consisting mainly in a collection of bilateral and regional PTA in order to increase knowledge on what is on the ground and collect more comprehensive information. It could be interesting also, as outlined in some Partners' comments, to see if there are other examples like GSP+ that include sustainability criteria in their programs.

2.3.2) **Carbon price.** The partner's majority do not feel this item is a priority in the context of e Trade and Bioenergy field. We could discuss more in NY.

2.4) **New proposal by UNF: Exploration of the Role of Sustainable Energy Development within the WTO Framework.**

With the help of GBEP and in light of the greater understanding and receptivity at WTO regarding bioenergy, as well as the increasing interest in looking at energy within the context of trade negotiations, GBEP should analyze how we might plant the seeds within the WTO Committee structure to focus proper attention on the link between environment and bioenergy. A study should also identify what non-tariff barriers are relevant to renewable energy, particularly biofuels (*quoted by UN Foundation comments*)

3. **How to move forward**

3.1) First of all there should be a first round table in order to eliminate, where possible misinterpretations on GBEP scope of work.

3.2) A way to move on would be to choose and work on the items where there is a generalized support from all the Partners (on the basis of my comments collection: **Classification of Bioenergy and Domestic regulations**).

We could work on small working group (e.g. one on classification and one on domestic regulation) giving the coordination for each group to a Partner, on a voluntary basis. We should avoid meetings, but instead work by email, as far as possible.

In order non to duplicate efforts, each small working group task should be also to take into consideration reviews on the same subjects, made in part by other Institutions,

By the Steering Committee in May 2007 we should be able to:

- a) **agree on** which specific **areas** we would to work on (classification? Domestic Regulations? PTA?). Expected to be agreed during TWG on Feb.26-27.
- b) form **specific small working groups** for each area agreed upon. It means Partners interested to work jointly on that specific area, under the **voluntary coordination of a Partner**. Expected to be agreed during TWG on Feb.26-27.
- c) provide a **workplan** on each specific area, with the **timetable** and, hopefully, **voluntary financial support** from willing Partners.

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