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Agriculture: Climate-Smart AND WTO-compatible?

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Arusha, Friday 1 November 2019

u^b

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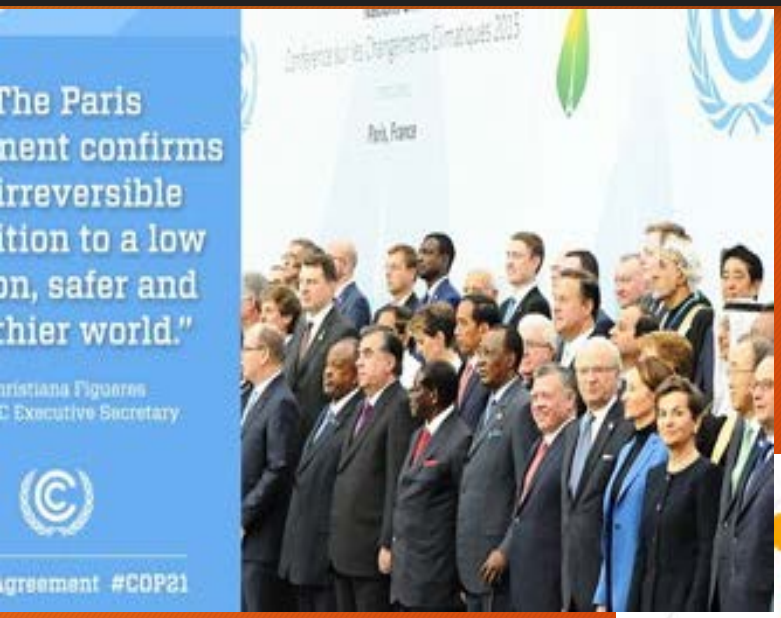
Global warming will not wait for a solution to Africa's (or anybody else's) present problems.

Can we find such solutions in the eye of the storm?

The Paris Agreement



Ratified and **IN FORCE** since 4/11/2016

Signatories : 195
Parties : 186

Adopted (UNFCCC) 12/12/2015

Signed by the two main GHG emitters

Source (as of 19/06/19): UNFCCC
https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XXVII-7-d&chapter=27&clang=_en

United Nations
Framework Convention on
Climate Change

Top-down Commitments

All parties to address climate change
Overall Reduction Targets
Technology and Finance Transfers
(required by developing countries)

Nationally Determined Contributions (NDC) – *without guidance!*

Bottom-up obligations

Progressively mitigate global warming
Account for **delivery** and **performance**

WTO needs standards!

ETF
GHS
ETS
CBM
BAM

Common but Differentiated Responsibilities (and Respective Capabilities) (CBRD)

How to do mitigate and adapt?

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Different footprint with different production and processing methods (ppm): « non-product related »

Prescribes (product and country) ***differentia-tion***

Prohibits ***discrimina-tion*** at the border (MFN/NT) and limits or prohibits certain NTM, subsidies, and other incentives

Brandi (ICTSD 2017), Holzer (2014)

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Did you say COP?

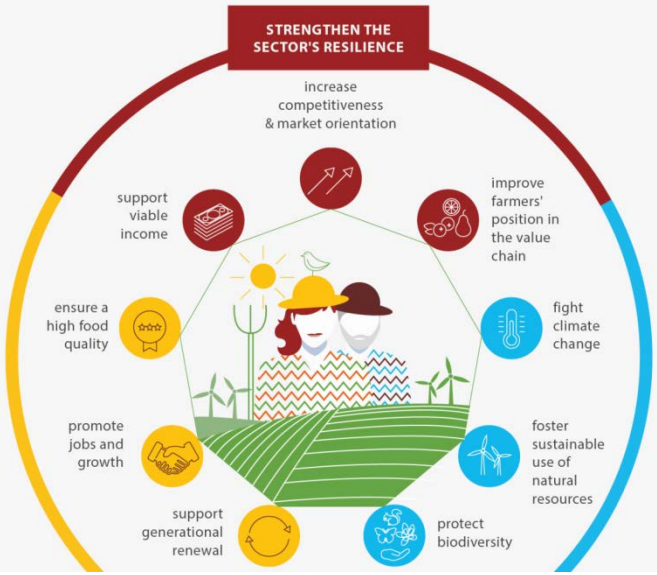
Koronivia Joint Work on Agriculture: "please work" (17/11/**2017**)

ENB - Katowice Highlights: "Welcome Koronivia Road Map" (18/12/**2018**)

ENB – Bonn Highlights: "NDC agreement was elusive" (22/06/**2019** – First Week)

Sources: IISD

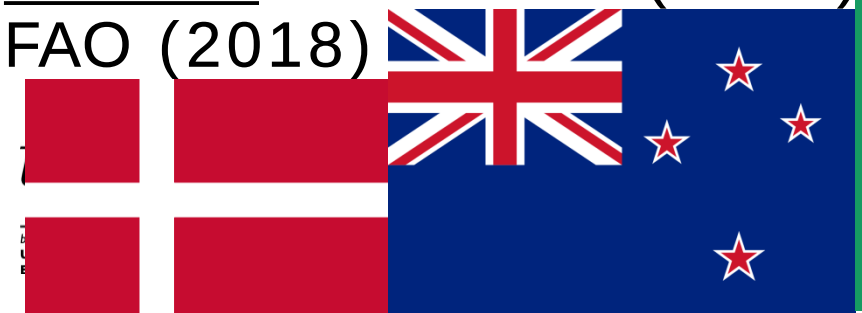
http://enb.iisd.org/vol12/enb12737e.html



Paris for Agriculture

Smart Science requires **criteria** for arbitration, impact and legal assessment, and implementation monitoring…

Sources: Matthews (2019)
FAO (2018)



… and Paris Compatibility!

Compete – with whom?

Climate change (mitigation) – among its many other challenges – impacts on **conditions of competition** along the whole food value chain.

© JULIEN GOLDSTEIN POUR « LE MONDE » 190831

How can we sustainably reduce GHG emissions for agriculture?

Can there be any SDT?

Climate Change and Agricultural Trade

Source: Alex Webb (2012) - Logging in Peru (Pucallpa. 2011. The major logging port on the Ucayali River)

With sustainable trade, this world could possibly feed twice the number of its present population – even with global warming
(Maletta 2016)

Poor developing countries and producers have always been, and still are, the smallest p.c. greenhouse gas (GHG) emitters; but they are likely to be among the most severely climate affected
(Häberli 2017)

What's up for Africa at > 50°C?

Food Security vs Climate Change

Vulnerabilities and Resilience with Trade

some land grabbers produce more and cheaper food

growing productivity and profitability gap

tariffs or quotas or adequate safeguards?

lack of tenure rights

anti-small farmer biases

slash-and-burn

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Define «Climate Smart»?
Relative footprints?
WHO will feed the world?
HOW to compete?

©Luca Locatelli
(NZZ 180417)

Your proposals for “climate-smart agriculture”?

Bonus for low footprints?

- subsidies
- other incentives

Malus for heavy footprints?

- (domestic) taxes and prohibitions
- tariffs and charges
- import restrictions
- input restrictions

The Easy way?

- consumer information labels signalling product footprint

And what will be the impact for remote suppliers?

Border Carbon Adjustment and GHG Taxes

- Remember the EU Aviation Scheme? (RIP)
- Can you define <u>appropriate level of tax</u> (footprint difference btw products and countries)?
- Based on which standards?
- Variable tariffs?
- Within your WTO-scheduled maximum?
- Within your RTA/FTA preferences?
- Self-discrimination?

FAO/SOCO (2018)

No NDC with Climate-Smart Agriculture!

Climate Smart Disputes: who wins?

Picture: IISD (160706)

Old Fashions live longer: Agricultural Insurance Schemes

- public sector participation through market regulatory frameworks and financial support: premium subsidies, “insurance for work”, public reinsurance, tax rebates and direct insurance participation

- mutually exclusive nature of different risk management schemes

- India has a *Weather Based Crop Insurance Scheme*, an index-based insurance programme introduced in 2007 which included more than 9 million Indian producers in 2010–11, with a combined commercial premium volume of about USD 260 million

Greta for Smart Food-Nudging?

Marine Stewardship Council

World Trade Organization

FSC

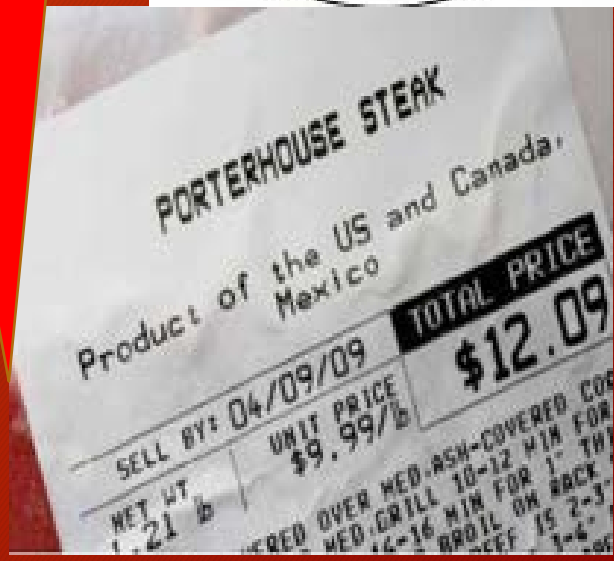
ente: Elaboración propia a partir de Reglamento Sanitario de los Alimentos, Decreto Nº 13, 2015.

U.S. Department of Commerce
Dolphin Safe

100% HALAL CERTIFIED
حلال
HALAL

Traffic light labels on all UK breakfast cereals (2018)

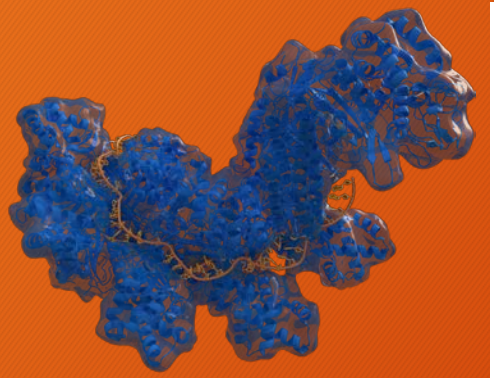
Chile (and Peru) prescribe health warnings, for (too much) Sugar, Fat, Salt and Calories (2016)



Sources: Boza (2016), Limenta (2017), Häberli (2017)

The only way? Three «Climate Smart» Food **Technologies**: IP? Paris?

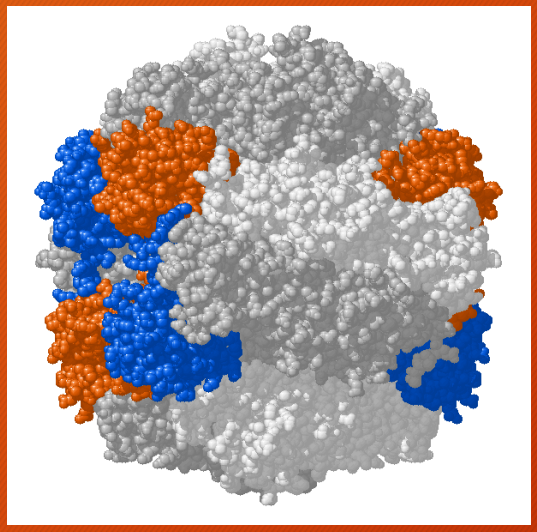
CRISPR Cas_4qyz[1]



© Thomas Splettstoesser (www.scistyle.com)

[1] Genetic Resistence to Virus or Plasmides

Rubisco[2]



Source: httpscommons.wikimedia.orgwindex.phpcurid=1411905

[2] Photorespiration Enzyme

Mootral[3]

Cf. #climatesmartcow https://www.mootral.de/

[3] Mootral (by Zaluvida): Plant-based add. feed reducing Bovine Methane Emissions by >30%

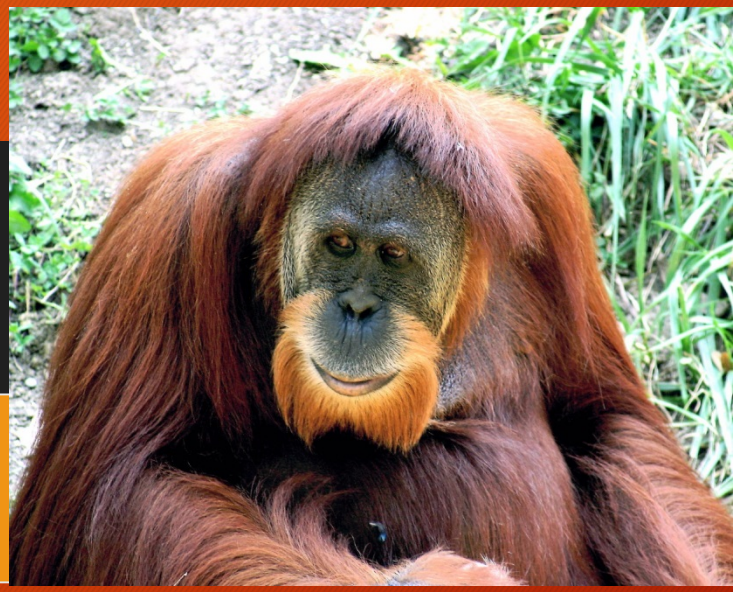
Australian Seaweed[4]

Asparagopsis Taxiformis

4 Source (190815): https://www.dairyreporter.com/Article/2019/08/14/Could-Australian-seaweed-reduce-methane-from-cows?utm_source=EditorsSpotlight&utm_medium=email&utm_campaign=2019-09-18&c=Eqhg%2BuW9J7ZMdu3p0ghGx71%2FiRA8hkN1

RENEWABLE ENERGY DIRECTIVE

Directive (EU) 2018/2001



BINDING OVERALL UNION TARGET FOR 2030 (ARTICLE 3)

AT LEAST 32 %

the share of energy from renewable sources in the Union's gross final consumption of energy in 2030

Weaning yourself – or the others?

AT LEAST 14 %

the share of renewable energy within the final consumption of energy in the transport sector by 2030

ropean Parliament and of the Council on the promotion of the use of energy from renewable sources (December 11, 2018)

MAINSTREAMING RENEWABLE ENERGY IN THE TRANSPORT SECTOR (ARTICLE 25)

Define «renewable» (e.g. RED) ≠ ban, but = ppm = TBT?

- **Biofuels,** bioliquids and biomass fuels **that do not fulfil the sustainability and greenhouse gas emissions saving criteria…**
- **…rare, threatened or endangered ecosystems or species** recognised by **IUCN**

Al-Riffai, Dimaranan, and Laborde (2010), Global trade and environmental impact study of the EU biofuels mandate. (http://trade.ec.europa.eu/doclib/html/145954.htm%5Cnhttp://environmentportal.in/files/biofuelsre- portec.pdf)

FOLU (2019/9) farm subsidies: **$1m a minute**

- The hidden costs of global food and land use systems sum to $12 trillion, compared to a market value of the global food system of $10 trillion; only 1% (£560bn) is used to benefit the environment
- The farming subsidies drive the climate crisis and destroy wildlife

Olympia Yarger, CEO of the organisation GoTerra in Canberra, Australia. GoTerra uses robotic technology to manage food waste using insects, as well as creating high protein insect meal and valuable, nutritious soil conditioner.

Robotic technology using insects for food waste treatment, creating insect meal and soil conditioner

Damian Carrington, The Guardian, 16 Sep 2019

Illegal, Unreported and Unregulated Fishing

IUU – the biggest climate threat to food security

Image © FAO #619 (2017)

Agreement and Standards for catch quotas, subsidy limits, certification, and trade measures!!!???

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Summing up (I)
Negotiate or Litigate*

But before you do either, here is the challenge:

- Provide maximum policy space for climate mitigation and adaptation…
- … without negatively impacting on other countries, or unduly restricting trade and investment especially in poor developing countries

*(or self-discriminate – if you are rich enough)

Don't bet on acceptance...

Summing up (II) Solutions – Any?

- For <u>all</u> countries

❖A "Paris Waiver" to be added to the list of measures in GATT-Article XX (VCLT won't do!)

❖A «*Climate-smart Green Box*» allowing for efficient and effective climate mitigation support measures based on internationally recognised standards (e.g. best agricultural practices, GRP, ISO etc).

- Only for <u>poor</u> developing countries: a <u>real</u> SDT!?

❖«*Developing Country Green Box*» (Art. 6.2 AoA) to be available for climate-friendly investments and certain agricultural input subsidies, for low-income or resource-poor producers.

❖Allow clearly defined infant industry protection for climate-friendly start-ups in poor developing countries (Art.XVIII:c GATT)

Selected Literature on the Search for Paris- and WTO-Compatible Policies

- Blandford, D., Border and related measures in the context of adaptation and mitigation to climate change (FAO – SOCO – 2018)
- Häberli, Ch.. Adaptation of agricultural trade and investment rules to climate change (Edward Elgar, Cheltenham/UK and Northampton/US, 2017)
- Häberli, Ch., Potential conflicts between agricultural trade rules and climate change treaty commitments. The State of Agricultural Commodity Markets (FAO – SOCO – 2018)
- Hertel, Thomas, Climate Change, Agricultural Trade and Global Food Security (FAO – SOCO – 2018)
- Lopian, R. 2018. Climate change, sanitary and phytosanitary measures and agricultural trade (FAO – SOCO – 2018)
- Tedesco, Ilaria. A holistic approach to agricultural risk management for improving resilience. PARM (2018)
- Schmidhuber, Josef et al (2018), The Global Nutrient Database: availability of macronutrients and micronutrients in 195 countries from 1980 to 2013. *in* Lancet Planet Health 2018/2: e353–68

Please disagree with me!

Thank you for your attention!

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