Agriculture: Climate-Smart AND WTO-compatible?

Christian Häberli (PhD, WTI Fellow)
TRP/MSc in International Trade Policy and Trade Law
Arusha, Friday 1 November 2019
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

Adopted (UNFCCC) 12/12/2015

Ratified and IN FORCE since 4/11/2016

Signatories: 195
Parties: 186

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

© Ch. Häberli (WTI)
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!
How to do mitigate and adapt?

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

Prescribes (product and country) differentiation

Prohibits discrimination at the border (MFN/NT) and limits or prohibits certain NTM, subsidies, and other incentives

Brandi (ICTSD 2017), Holzer (2014)
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)

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.

How can we **sustainably** reduce GHG emissions for agriculture?

Can there be any SDT?
Climate Change and Agricultural Trade

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).

Source: Alex Webb (2012) - Logging in Peru (Pucallpa. 2011. The major logging port on the Ucayali River)
What’s up for Africa at > 50°C?
Food Security vs Climate Change

Vulnerabilities and Resilience with Trade

- tariffs or quotas or adequate safeguards?
- slash-and-burn
- some land grabbers produce more and cheaper food
- growing productivity and profitability gap
- anti-small farmer biases
- lack of tenure rights
- © Ch. Häberli (WTI)

L'ÉTAT DE LA SÉCURITÉ ALIMENTAIRE ET DE LA NUTRITION DANS LE MONDE

SE PRÉMUNIR CONTRE LES RALENTISSEMENTS ET LES FLÉCHISSEMENTS ÉCONOMIQUES

2019
Define «Climate Smart»?
Relative footprints?
WHO will feed the world?
HOW to compete?
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
Border Carbon Adjustment and GHG Taxes

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

And what will be the impact for remote suppliers?
No NDC with Climate-Smart Agriculture!

Climate Smart Disputes: who wins?

- India — Solar Cells
- Moldova — Environmental Charge
- Canada — Feed-In Tariff Program
- Canada — Renewable Energy
- EU — Biodiesels (4 cases)
- China — Measures concerning wind power equipment
- EU — Countervailing Measures (incl. solar panels, wind towers)

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

- 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

© Glauber 2015
Chile (and Peru) prescribe health warnings, for (too much) Sugar, Fat, Salt and Calories (2016)

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

CRISPR Cas_4qyz¹

Rubisco²

Mootral³

Australian Seaweed⁴

¹ Genetic Resistance to Virus or Plasmides

² Photorespiration Enzyme

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


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

Asparagopsis Taxiformis
**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

**MAINSTREAMING RENEWABLE ENERGY IN THE TRANSPORT SECTOR (ARTICLE 25)**

- **AT LEAST 14%**
  the share of renewable energy within the final consumption of energy in the transport sector by 2030

Weaning yourself – or the others?
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

“Shall NOT be taken into account” (Articles 7, 29)

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.

Robotic technology using insects for food waste treatment, creating insect meal and soil conditioner.
Illegal, Unreported and Unregulated Fishing

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

Image © FAO #619 (2017)
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)*
Summing up (II) Solutions – Any?

• For all 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 poor developing countries: a real 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)

© Ch. Häberli (WTI)
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)
Please disagree with me!

Thank you for your attention!

christian.haeberli@wti.org