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Presentation

Trade and Human Development: Aligning climate change, food security, and trade policies

Breakout Session - Improving Food Security in the Face of Climate Change

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Trade and Human Development

Aligning climate change, food security, and trade policies

Luisa Bernal, Massimiliano Riva

11 May, 2010

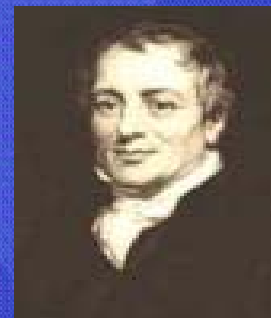
From Ricardo to Millenium Development Goals



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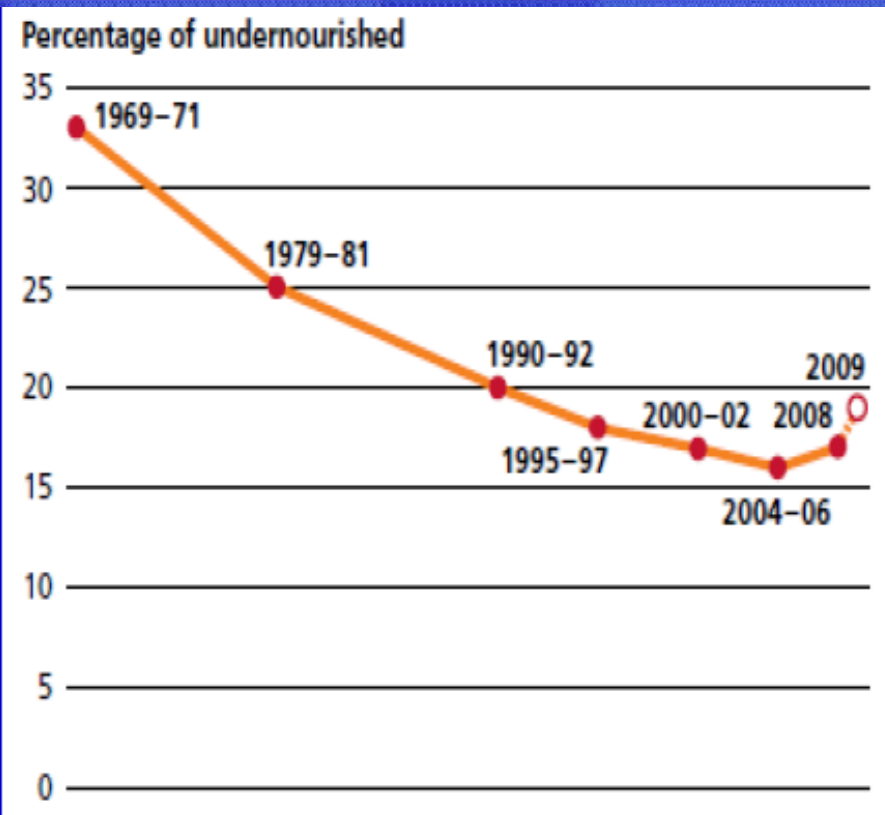
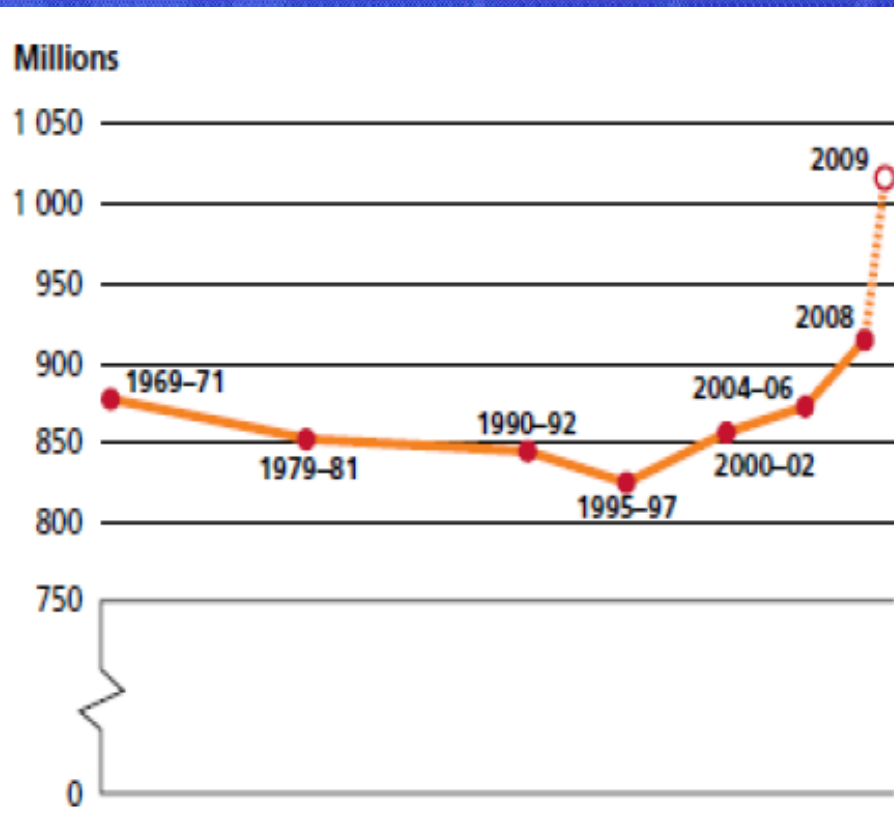
Trade policy

Corn Laws and comparative advantage





Undernourishment is growing...



Some fast facts



- World population is growing
- More people are suffering from hunger and malnutrition
- There is an increased demand for resource intensive food
- Food prices have come down, but remain relatively high
- High volatility is partly the result of sub-optimal trade policies
- Trade in agriculture is crucial to offset climate change-induced production changes
- Global slowdowns take a toll. Deteriorations of human development indicators during downturns tend to exceed improvements during booms
- Little chances for an early conclusion of Doha negotiation round

Common objective?



from WTO preamble

... to raising standards of living... in accordance with the objective of sustainable development, seeking both to protect and preserve the environment ... to ensure that developing countries ... secure a share in the growth of international trade commensurate with the needs of their economic development

from Article 3.5 of UNFCCC

... to promote a supportive and open international economic system that would lead to sustainable economic growth ... particularly developing country Parties... Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade



How trade impacts climate change and food security and vice versa



Trade impacts climate change and food security mainly through

- scale effect (economic expansion arising from trade)
- composition effect (changes of production patterns)
- technique effect (innovation and technological transfer)
- price effect (availability and price of goods and services)
- + transport emissions (direct impact to climate change)

Trade policies can maximize or minimize these effects through

- Subsidies
- Market access
- Changes in technical specifications (plus other barriers)
- Export restrictions
- Different treatment for environmental goods and services
- Government procurement



**Incentive /
disincentive
to invest in
agriculture**

How trade impacts climate change and food security and vice versa (cont.)



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Climate change will impact trade and food security mainly through

- Agriculture e.g. land availability and yields
- Tourism e.g. weather patterns
- Trade infrastructure

Climate change policies could possibly

- Shift competitive positions of firms
- Impose environmental standard for production and trade
- Impose environmental taxes or emission schemes
- Introduce industry incentives and subsidies
- Impose trade policy the introduction of trade restrictions

**Distort trade flows
and investment
incentives**





How can trade help deal with food insecurity in the face of climate change?



- Trade and financial markets are a source of problems and a solution
- Trade policy should support food security and the goal of overcoming hunger
- Affordable and reliable access to technology should be guaranteed
- Trade-distorting agriculture subsidies should be reduced or cancelled
- Countries should seek to conclude the Doha Round as soon as possible, including the negotiation on environmental goods and services
- A greater harmonization of both public and private sector climate change related standards should be pursued



Policy recommendations

Avoid conflicts

policy, agreement provisions and dispute settlement bodies are not in conflict with each other

Promote coherence

mutually reinforcing policy actions creating synergies towards achieving agreed objectives

Enhance coordination

effective mechanisms of intergovernmental coordination

Measure the impact

Identification of policy alternatives and impacts vis-à-vis, in particular over the poor

Pool resources

Build bridges between Aid for Trade and environment financing mechanisms 8



Leading toward policy coordination

- Articulation and prioritization by establishing an effective national dialogue with a broad range of stakeholders (i.e. private sector; civil society; academia; parliamentarians, etc.)
- Translate policy statements into national development strategies and action plans
- Link strategies to resources and budget
- Align development cooperation to the priorities identified in national development plans
- Strong political commitment at the highest level is a requirement for achieving results

Leading toward policy coordination



Vehicles for policy coordination and coherence (national level)

- Poverty Reduction Strategy Papers /national development plans and relevant committees
- Sustainable development councils
- Sector-wide strategies
- Country assistance papers/United Nations Development Assistance Framework/Donor coordination bodies

Analytical inputs (examples)

- Diagnostic Trade Integration Studies or Trade Needs Assessments
- National Action Plans for Adaptation
- National human development reports, MDGs report and other national studies or background papers



TRADE & HUMAN DEVELOPMENT UNIT

Geneva, Switzerland

www.undp.org/geneva/trade.html

www.undp.org/poverty/focus_trade_ip_migration.shtml

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