



International Centre for Trade
and Sustainable Development

Trade, Biodiversity and Development Cooperation: Powerful Allies or Incoherent Opposites?

Ricardo Meléndez-Ortiz
Chief Executive, ICTSD

BIODIVERSITY IN EUROPEAN DEVELOPMENT COOPERATION
Supporting the sustainable development of partner countries
19-20 September 2006
Paris

Overview of Presentation

- ❖ The EU's external relations: the significance of trade and development cooperation
- ❖ Europe's ecological footprint
- ❖ The impact of trade on biodiversity
- ❖ Enhancing policy coherence in trade, development cooperation and biodiversity
- ❖ Enhancing policy coherence: some strategic areas of intervention
- ❖ Concluding remarks

Specific Discussion Points

- ❖ What instruments are available or needed to improve the coherence of development cooperation, trade and economic cooperation, from the perspective of biodiversity conservation?
- ❖ What instruments are available or needed to increase the proportion of EU imports of natural and agricultural products from partner countries that are derived from sustainable management systems?
- ❖ What are the response options of the various actors (EC, member states, partner states, private sector, NGOs) to reach the objectives?

1. EU External Relations

The EU's External Relations: Some Facts & Figures (1)

- ❖ EU is the largest trading partner for the world's poorest countries: *40 % of EU imports originate in developing countries*, amounting to € 362 billion worth of trade.
- ❖ *Main importer of agricultural products from developing countries*, absorbing more than the US, Japan and Canada put together.

The EU's External Relations: Some Facts & Figures (2)

- ❖ Total Aid for Trade by the EC over 2001-2004: (USD '000)
 - 2001: 2,259,363
 - 2002: 2,364,378
 - 2003: 2,179,817
 - 2004: 2,594,250
 - 2001-2004 total 9,397,809

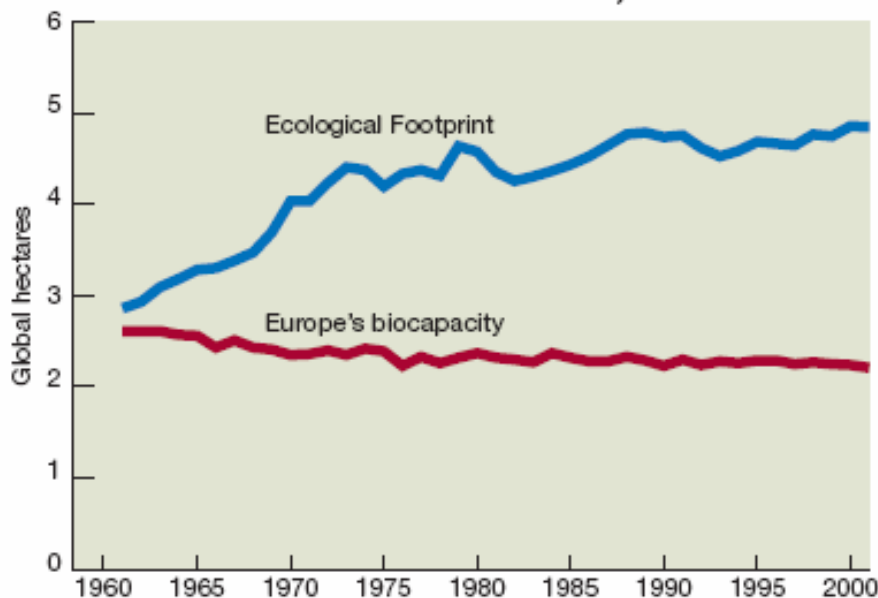
- ❖ In the 2006 EU budget, the EU allocated Eur 0.2 billion to environment (of a total budget of Eur 121.2 billion)

- ❖ Of the EUR 20 billion of green box subsidies notified by the EU to the WTO in 2000/2001, 5.5 billion were dedicated to environmental programmes. In comparison, in the USA just US\$ 291 million of the US\$ 50 billion worth of subsidies were given as environmental payments (WTO, 2004)

2. Europe's Ecological Footprint

Europe's Ecological Footprint (1)

Fig. 2: EU-25'S ECOLOGICAL FOOTPRINT AND BIOCAPACITY PER PERSON, 1961-2001



Source: WWF, Global Footprint Network, IUCN, 2005, EUROPE 2005 The Ecological Footprint, WWF European Policy Office, Brussels, Belgium.

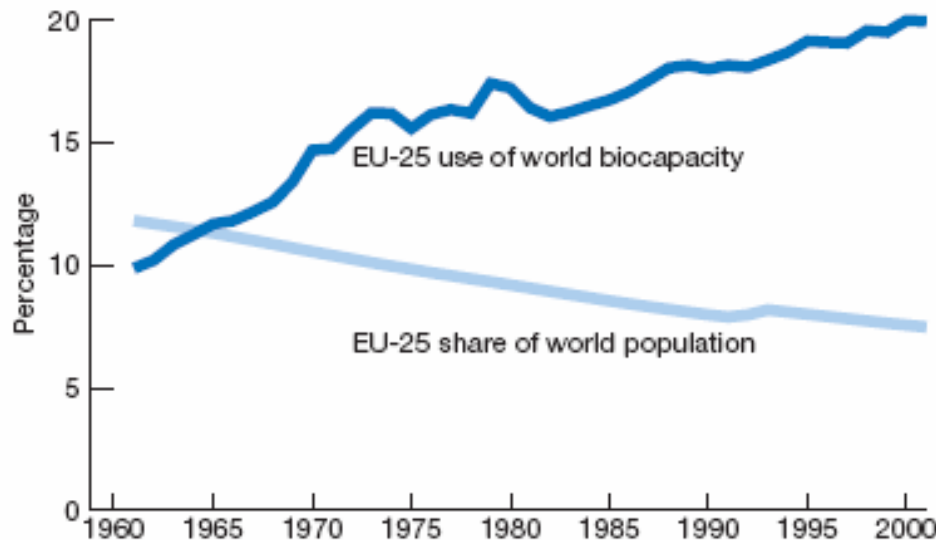
The Ecological Footprint of the EU-25 has risen by almost 70 percent since 1961.

Europeans now *require 4.9* globally average hectares per person to provide for their lifestyle.

As the continent *can only supply 2.2* global hectares per person, Europeans rely on the rest of the world to make up this increasing deficit.

Europe's Ecological Footprint (2)

Fig. 7: EU-25 USE OF WORLD BIOCAPACITY, 1961-2001

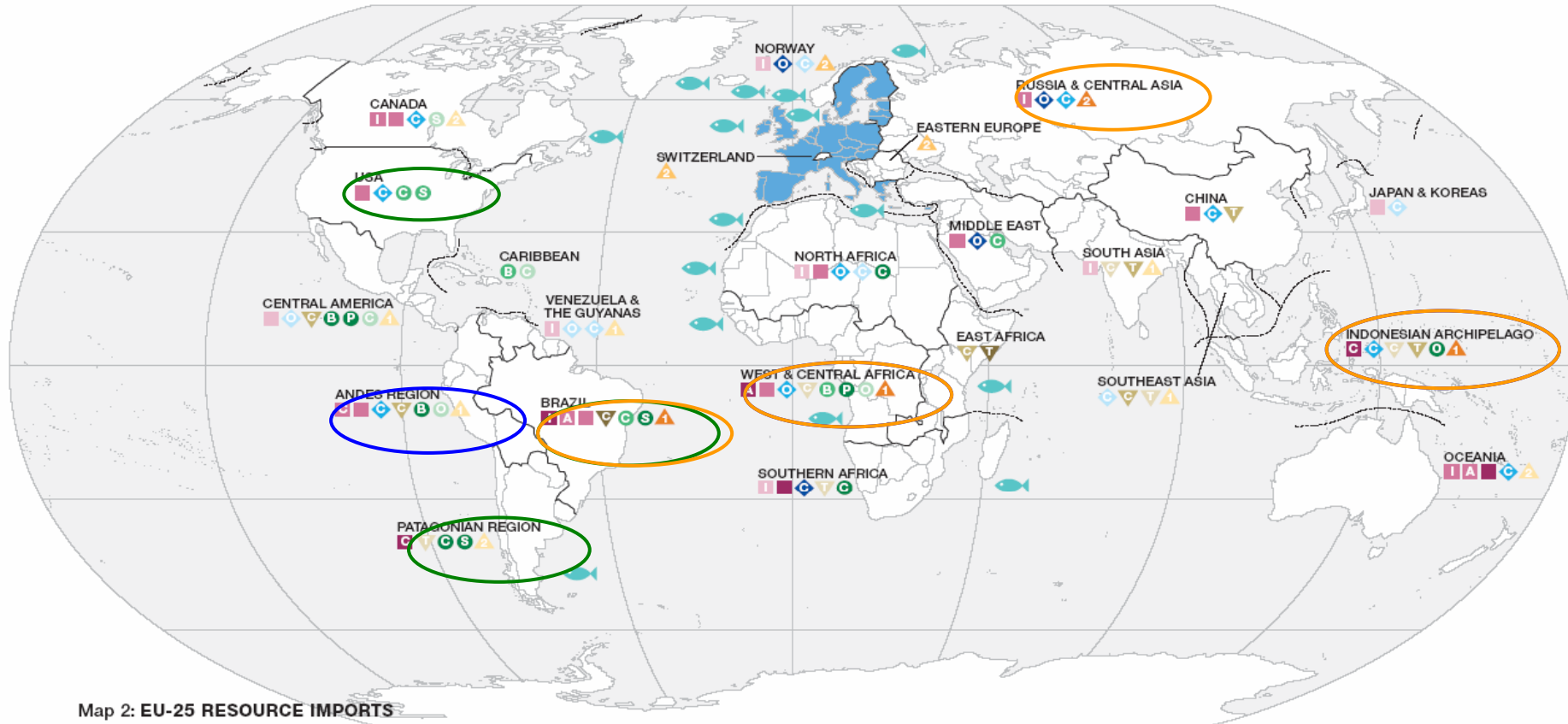


The EU-25 nations are home to a *decreasing percentage of the world's population*.

However, a continual rise in per person consumption has led to an *increasing amount of the world's biological capacity*.

Source: WWF, Global Footprint Network, IUCN, 2005, EUROPE 2005 The Ecological Footprint, WWF European Policy Office, Brussels, Belgium.

Imports of resources and commodities have extended the Ecological Footprint of the EU-25 into all corners of the world.



Map 2: EU-25 RESOURCE IMPORTS

Imports of resources and commodities have extended the Ecological Footprint of the EU-25 into all corners of the world. The impact on ecosystems worldwide of production processes such as mining, logging, fishing, and farming varies by sector and geographic location.

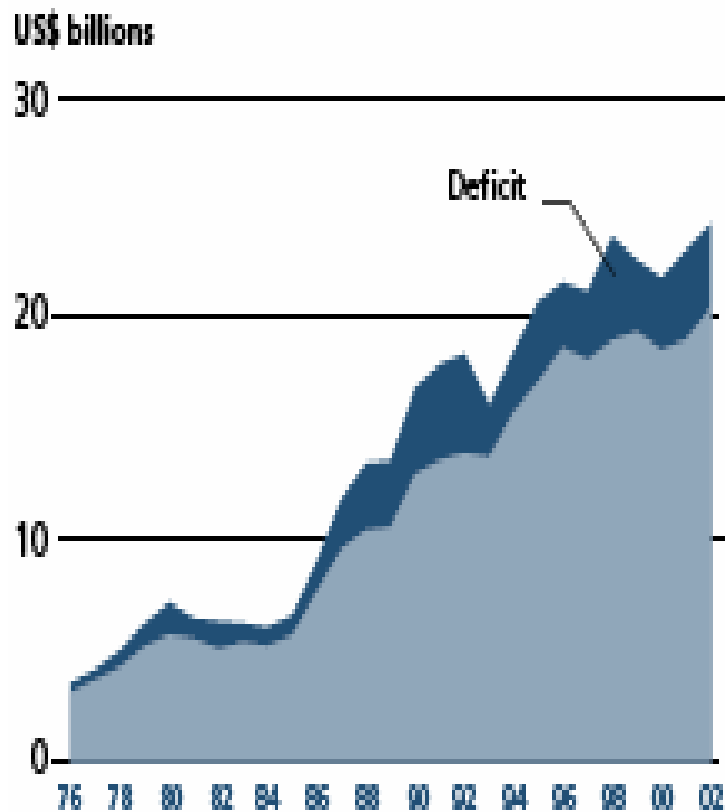
Colour intensity indicates the imported volume of selected products in '000 tonnes, 2003

Iron ore I Over 5 000 I 500 – 5 000 I 150 – 500	Copper ore C Over 900 C 100 – 900 Other metals Over 750 90 – 750 0.1 – 90	Oil Over 100 000 10 000 – 100 000 4 500 – 10 000	Coffee Over 500 200 – 500 100 – 200	Bananas Over 1 000 100 – 1 000 Pineapples Over 150	Citrus fruit Over 300 75 – 300 25 – 75	Soy Over 10 000 5 000 – 10 000 350 – 5 000	Tropical wood & wood products Over 1 000 100 – 1 000 7.5 – 100	Fishing grounds supplying the EU-25
Aluminium ore A Over 2 500 A 1 000 – 2 500		Coal and coke Over 50 000 5 000 – 50 000 250 – 5 000	Tea Over 80 20 – 80 5 – 20			Palm oil Over 1 000 100 – 1 000 10 – 100	Temperate wood & wood products Over 10 000 1 000 – 10 000 50 – 1 000	

3. Impact of Trade on Biodiversity

Impact of Trade on Biodiversity

Example of Fisheries in Access Agreements



Europe's import and export of fish and fishery products. *FAO, 2004*

Magnitude of trade

- ❖ About 20% of European fleet is estimated to fish under 16 agreements with ACP countries (Gorez 2004).
- ❖ The EU financial contribution constitutes 80% of the total financial benefits received by the ACP states from the EU (Gorez 2004).

Impacts

- ❖ Decline in stocks leading to further fishing effort.
- ❖ *Example:* increase of European fishing effort in Mauritanian octopus fishery between 1995 and 2002 while catches of local fishing fleet, both artisanal and industrial, have decreased.
- ❖ Problem compounded by lack of comprehensive fisheries management plan and good understanding of the state of the fisheries so as to set sustainable catch limits.
- ❖ Difficulty of monitoring: Catch limits often poorly enforced.

Impact of Trade on Biodiversity

Example of Shrimp Farming

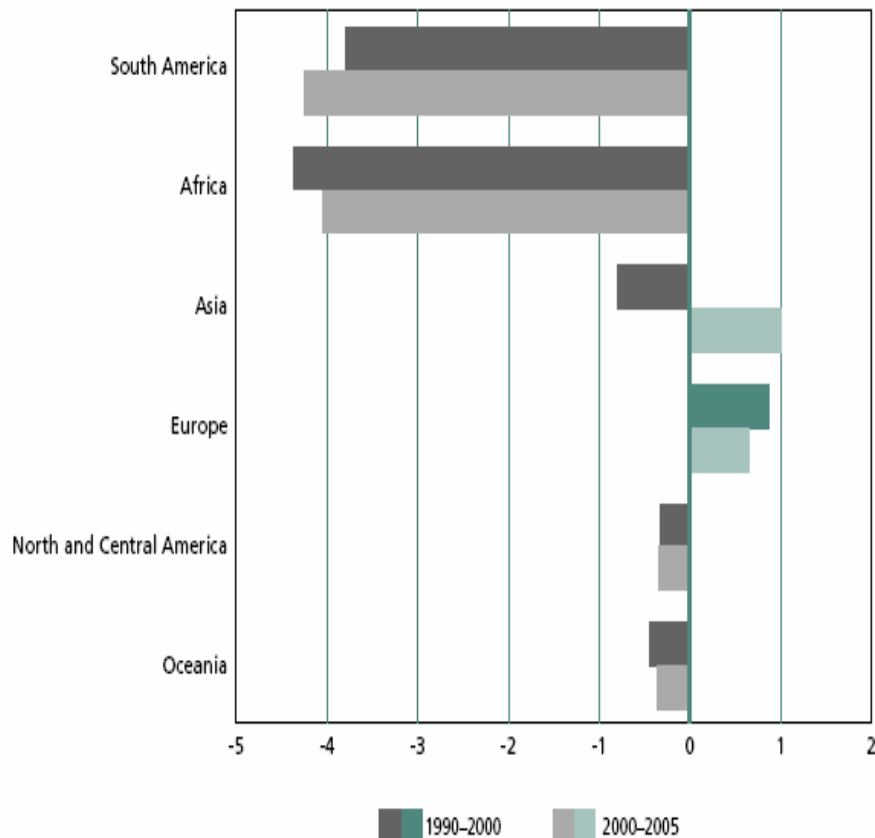
Magnitude of trade

- ❖ Shrimp are the most traded seafood, accounting for 20% of internationally traded fishery products. Global shrimp production in 2000 was estimated at 1.2 million MT, valued as US\$ 7 billion. The EU accounted for 28% of imports.

Impacts

- ❖ Destruction of mangroves to make way for shrimp farms
- ❖ Thailand: discharges 1 billion m³ of effluent each year from intensive shrimp farms.
- ❖ Philippines: Decline in mangrove area from estimated 448,000 ha to 100,000 ha in mid-90s.
- ❖ Ecuador: 20 to 50% estimated loss of the once 362,000 ha of mangrove forested coastline.
- ❖ Pollution from the use of antibiotics, fungicides, parasiticides, algicides and pesticides

Impact on Trade on Biodiversity: Example of Forest

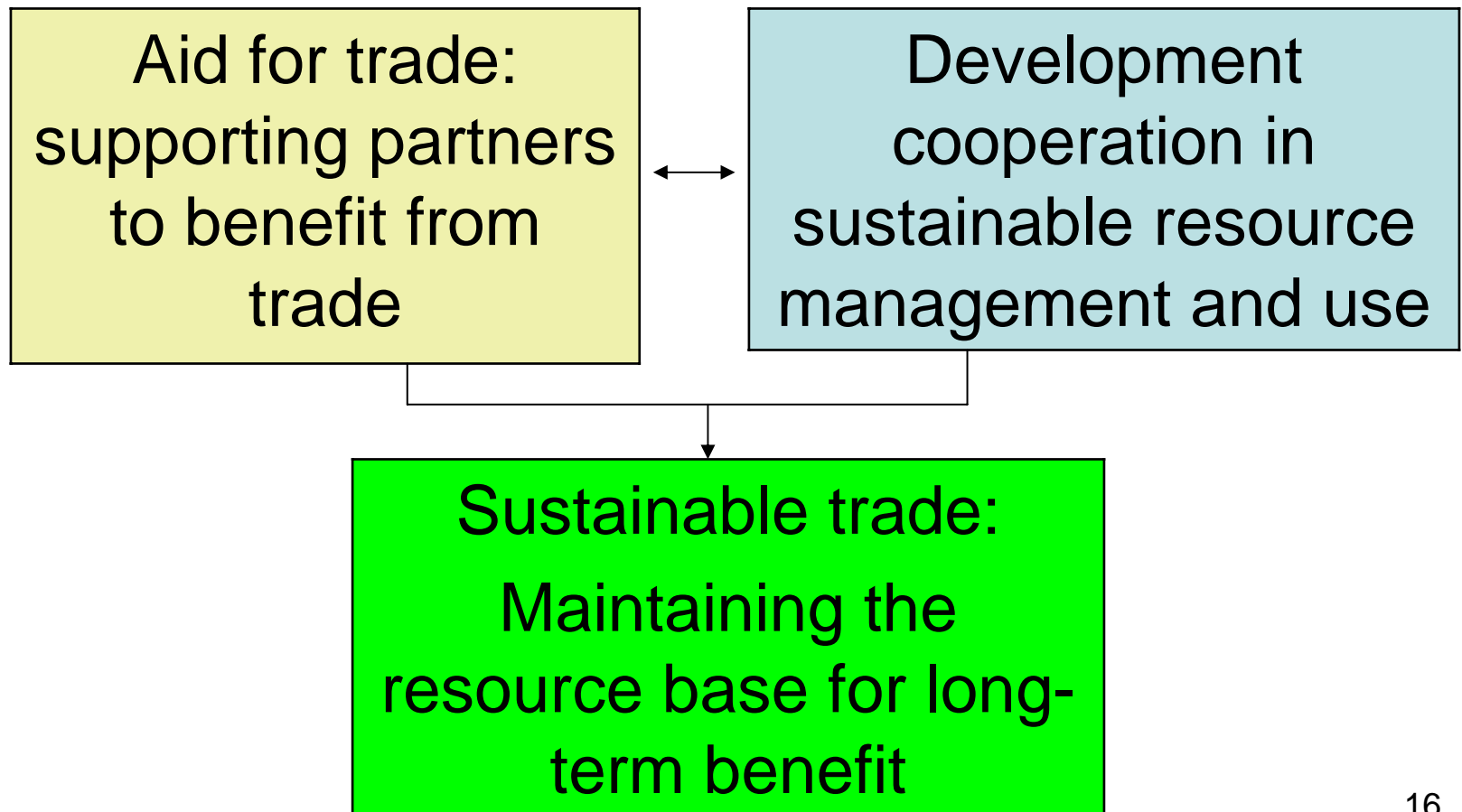


- ❖ Timber trade directly linked to deforestation, forest fires and illegal exploitation of wildlife.
- ❖ Logging including in protected areas aggravates loss of biodiversity.
- ❖ Impoverishing of local communities.
- ❖ Illegal trade in timber is costing governments of timber-producing countries EUR 10-15 billion per year in lost revenue (World Bank, 2002).

Annual net change in forest area by region 1990–2005
(million ha per year). *FAO 2005*

4. Enhancing Policy Coherence in Trade, Development Assistance and Environment

Policy Coherence: What is it About?



Enhancing Policy Coherence: What is the Concern?

- ❖ In 2002 only six out of 60 EU funded Country Strategy Papers included a country environmental profile and only *3 out of 60 had been subject to a Strategic Environmental Assessment* (Davalos, 2002).
- ❖ *64% of EU citizens and 75% of citizens in EU partners countries* consider that environmental issues should be placed at the same level as economic and social development in EU policy (Report of EU Commission Public Consultation, 2005).

Public Perception of Trade and Environment in EU Development Policy

What should be the objectives of a new EU development policy?

Principles are more important than objectives, i.e. coherence of all EU policies and greater complementarity between EU Member States and the Commission.

15.9%

MDG alone

2.9%



MDG and other objectives such as peace, environmental protection, human rights, democracy and good governance, special needs of Africa, etc.

37.3%

MDG plus other objectives of external action such as foreign policy and trade policy geared towards prosperity, peace and global security.

34.7%

**5. Enhancing policy coherence:
Some Strategic Areas for Intervention**

Three Main Modalities of Intervention

- ❖ **Preventing and mitigating adverse environmental impacts of trade**
- ❖ **Reducing adverse impacts of environmental and safety measures on trade**
- ❖ **Using trade measures and development cooperation to achieve environmental policy goals**

Mitigating Adverse Environmental Impacts of Trade

- ❖ **Linking supply capacity and capacity for sustainable management and use: Aid for a *sustainable* Trade**
 - A double agenda for development cooperation: Supporting capacity to trade with capacity to manage natural resources (e.g. fish stock assessment and monitoring)
- ❖ **Mainstreaming biodiversity in trade and aid policy processes**
 - Emphasizing *ex ante* approaches: Mainstreaming biodiversity through SIA/EIA practice of ODA projects
 - Green procurement in ODA projects
 - Systematic (and inclusive) SIA of EPAs with a focus on biodiversity

Example: Fisheries Access Agreements: Moving Towards Partnership

- ❖ From *Fishery Access Agreements* to *Fishery Partnership Agreements* – building a framework for sustainable use.
- ❖ Financial contributions used to support certain 'target actions', such the scientific assessment of fish stocks, fisheries management, control and monitoring of fishing activities.
- ❖ Example: under the 2002-2004 Agreement with Angola 35% of the access fees allocated to building country's capacity in fisheries area, including through development of small-scale fisheries and support of fishing communities, and enhance its participation in regional and international fisheries organisation.

Reducing Adverse Impacts of Environmental and Safety Measures on Trade

- ❖ **Environmental and safety standards and the challenge of compliance: what role for development cooperation?**
 - At least 4,000 of the 5,000 internationally traded goods reflected in trade statistics are subject to mandatory environmental or health regulatory requirements (ITC, 2001).
 - There is need for a greater role of development cooperation in supporting compliance with environmental and safety standards.

Example: EU Novel Food Regulation (1)



Maca (*Lepidium meyenii*), a native Andean crop (photo: M. Hammerr)

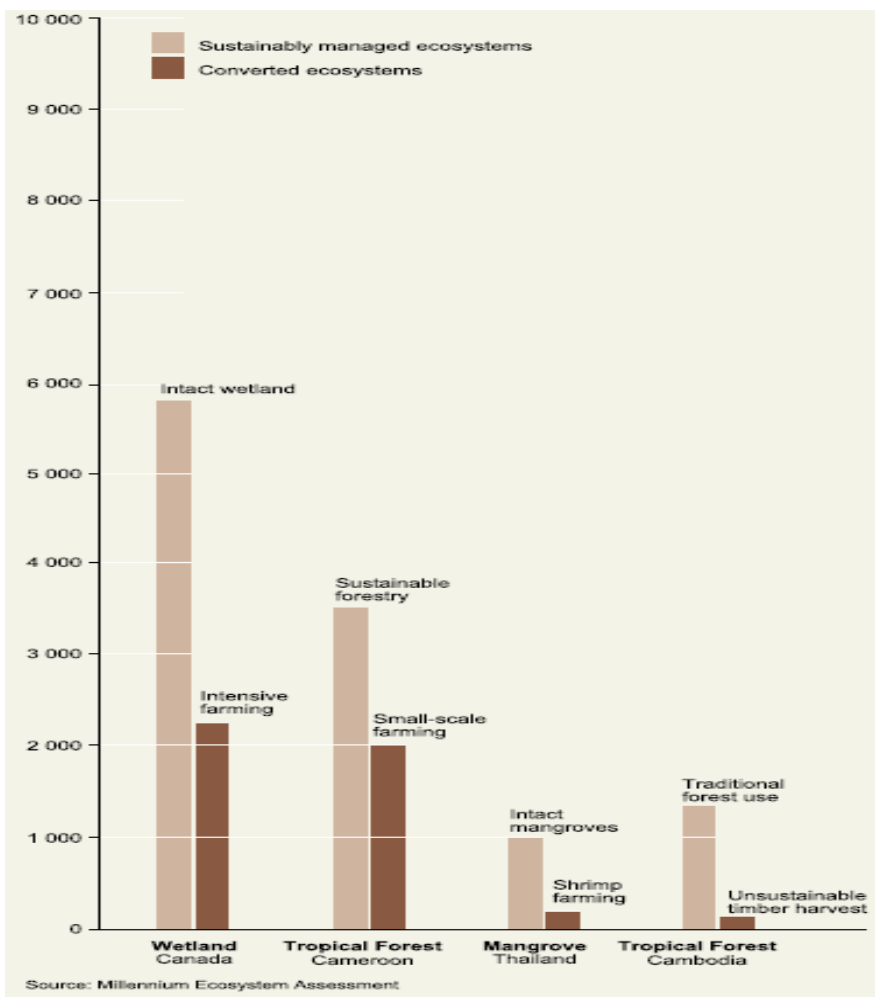
Maca, a root crop from Peru

- ❖ Peru benefit from EU's General System of Preferences constrained by the 1997 Novel Foods Regulation (NFR).
- ❖ NFR safety assessment requirements beyond means of small-scale producers and traders => non-tariff barrier for a variety of biodiversity-based products, impacts on economic development.
- ❖ NFR affecting Peruvian maca, southern African baobab, Indian gooseberry etc.

Example: EU Novel Food Regulation (2)

- ❖ The European Commission is currently undertaking a mandatory revision of the NFR
- ❖ Opportunity to reformulate the regulation so that it serves as an effective food safety instrument without constraining trade
- ❖ Linking development cooperation to the process of building capacity for safety assessment of traditional foods with market access opportunities

Using Trade Measures and Development Cooperation to Achieve Environmental Policy Goals

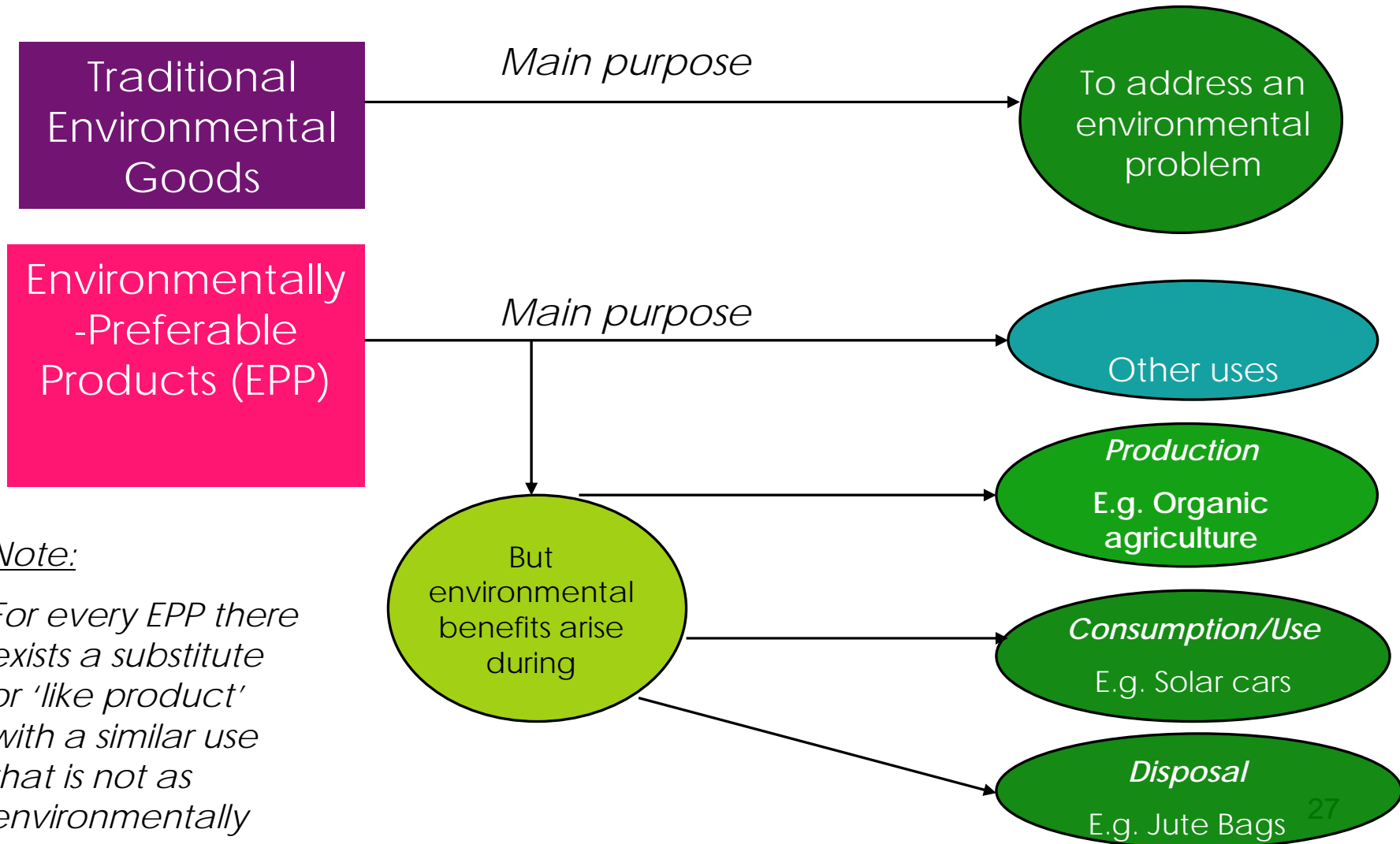


New ways of valuing ecosystems while sustaining livelihoods

- Employment and revenue generation – supporting livelihoods based on *ecosystem services* rather than *ecosystem products* e.g. from forest products to forest services (eco-tourism, carbon sequestration and carbon trading, payment for ecosystem services - PES)

Example: Liberalisation in Environmental Goods and Services

Supporting biodiversity: *Potential of environmentally-preferable products*



Note:

For every EPP there exists a substitute or 'like product' with a similar use that is not as environmentally friendly

Example: Forest Law Enforcement, Governance and Trade (FLEGT)

- ❖ The FLEGT Action Plan (adopted by the EC in 2003):
 - Development co-operation for *improved governance and capacity building* in timber-producing countries
 - Development of *licensing scheme* to secure that only legal timber enters the EU through a series of voluntary partnerships with wood-producing countries
 - Efforts to *reduce the EU's consumption of illegally harvested timber* and discourage investments by EU institutions that may encourage illegal logging (role of private sector in fostering sustainable trade).

Integrating policy initiatives of the private sector and civil society

❖ The private sector

- Environmental standards in supply chains: example of EurepGAP
- The role of private sector in supporting compliance
- Corporate social responsibility

❖ Delivering environmental aid through CSOs: co-financing and decentralized cooperation

- On average, less than 10% of EU Member's ODA is channeled through EU NGOs, although there are wide variations across EU countries.
- Support to civil society initiatives: Enhancing biodiversity in co-financing of NGO

Concluding remarks (1)

- ❖ **Policy coherence in trade, development cooperation and biodiversity would clearly contribute the achieving the 3 main objectives of the Convention on Biological Diversity**
 - Conservation, sustainable use, benefit sharing
- ❖ **Through an open and inclusive process of policy making**
 - Ensuring effective mechanisms of prior consultation and meaningful involvement in public and private processes of standard-setting
- ❖ **Strengthening biodiversity-supportive rules and disciplines within the multilateral trade system and EPAs**
 - Building on opportunities for reform of agriculture and fishery subsidy in the Doha round

Concluding remarks (2)

- ❖ **Facing the next challenge in biodiversity conservation: the biofuel agenda**
 - Biofuel targets set in the EU and around the world while a sustainable management framework remains to be elaborated
 - Ensuring sustainability criteria for biofuels within the EU
 - Supporting developing country partners meet the energy challenge and benefit from new trade opportunities without further stepping back on conservation and food security

Thank you

International Centre for Trade and Sustainable Development
(ICTSD)

www.ictsd.org

ICTSD is the publisher of BRIDGES Between Trade and Sustainable Development© and *BRIDGES* Weekly Trade News Digest©, and co-publisher of *PUENTES* entre el Comercio y el Desarrollo Sostenible©; and *PASSERELLES* entre le commerce et le développement durable©; and *PONTES* Entre o Comércio e o Desenvolvimento Sustentável©