

# ICTSD and IPC

## Expert Meeting on “Climate Change – the Role of Food and Agricultural Trade”

**How to balance the application of the common but differentiated responsibilities principle in a world of carbon differentiation products?**

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# Outline

- The importance of linking the climate change and trade negotiations/regulations;
- Is it possible to use carbon differentiation without causing discrimination and creating restrictions to trade?
- The land use change debate on the sugarcane production in Brazil as an example;
- Technology Transfer and Environmental Goods;
- Conclusions.

# UNFCCC Core Principle and its relation to Trade

- Article 3.1: The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and **in accordance with their common but differentiated responsibilities and respective capabilities**. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof.
- Article 3.5: [...] 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**.

# Linking Climate Change and Trade

- **Carbon accounting as an indicator for climate change compromises as a tool to differentiate between like products and/or as a marketing option?**
- **What is the real aim to do carbon lifecycle analysis:**
  - **Fighting climate change?**
  - **Applying an extra tax to a likeproduct?**
  - **Protecting a local industry?**
- **Methodologies concerns;**
  - **Full lifecycle vs traditional Food Miles;**
  - **iLUC: Indirect Land Use Change;**
  - **Carbon Stocks: in the Cerrado Biome for example; above and below ground.**

# Agricultural Land Use in Brazil:

## The iLUC debate over sugarcane production

Millions of hectares (2007 <sub>e</sub> )			
<b>BRAZIL</b>	<b>851</b>		
<b>TOTAL ARABLE LAND</b>	<b>354,8</b>	<b>% of total</b>	<b>% of arable land</b>
<b>1 - Crop land</b>	<b>76,7</b>	<b>9,0%</b>	<b>21,6%</b>
Soybean	20,6	2,4%	5,8%
Corn	14,0	1,6%	3,9%
<b>Sugarcane</b>	7,8	0,9%	2,2%
<b>Sugarcane for ethanol</b>	<b>3,4</b>	<b>0,4%</b>	<b>1,0%</b>
Orange	0,9	0,1%	0,3%
<b>2 – Pastures</b>	<b>172,3</b>	<b>20,2%</b>	<b>48,6%</b>
<b>3 - Available area [Available area -(crop land + pastures) ]</b>	<b>105,8</b>	<b>12,4%</b>	<b>29,8%</b>

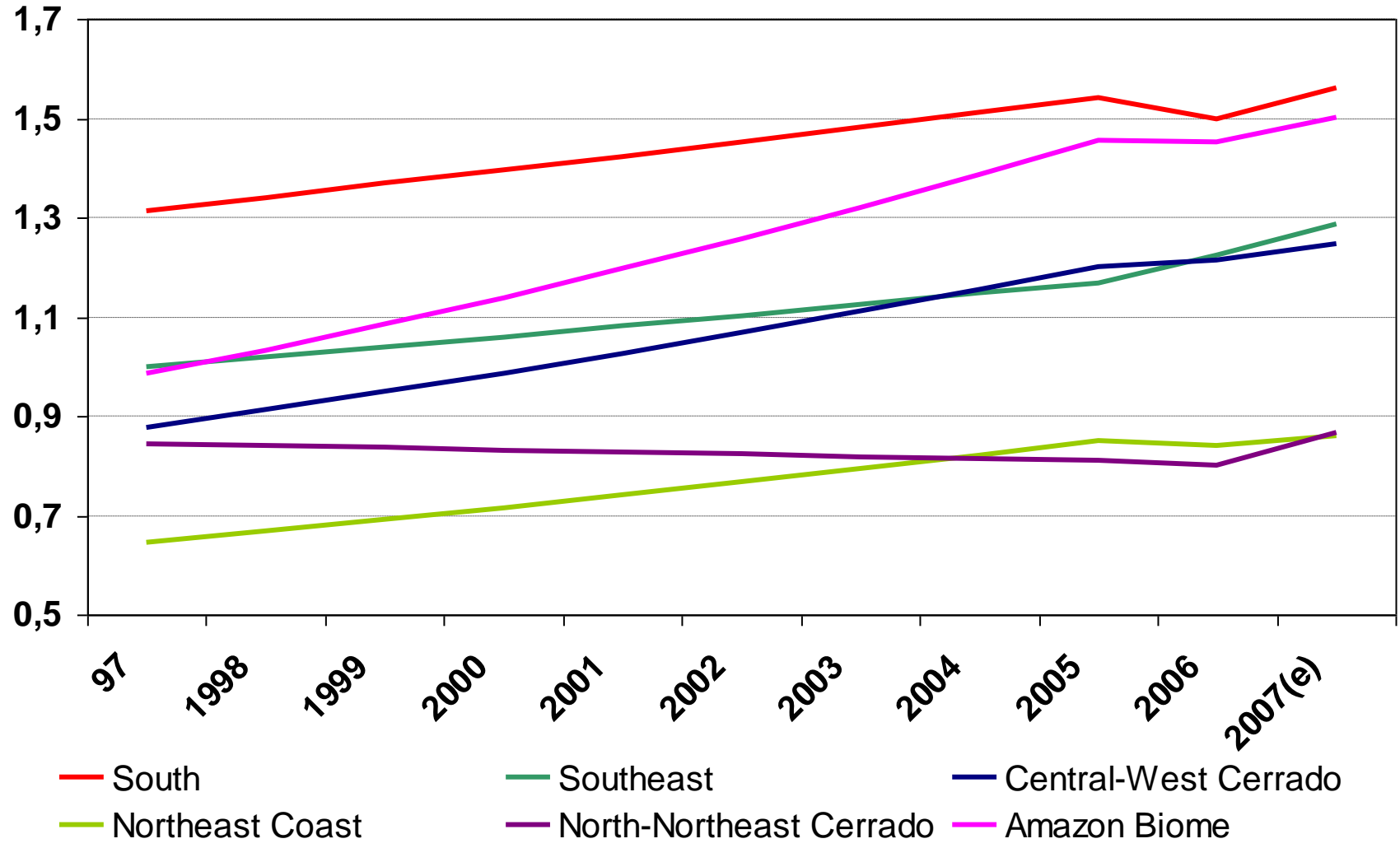
Source: IBGE, Elaboration: ÚNICA.

# Land Use Classes Converted to Sugarcane: Compared Results in the South-Central Region (1,000 ha)

	Period/Measurement Method		
	Secondary Data 2002 - 06 (1) (harvested area)	Remote Sensing 2007 - 08 (2) (planted area)	Projection Model 2008 -18 (3) (harvested area)
Sugarcane expansion	1,030	2,184	3,848
Agriculture	122 (12%)	1,152 (53%)	1,594 (41%)
Pasture	793 (77%)	991 (45%)	2,369 (62%)
Other	114 <sub>(4)</sub> (11%)	42 (2%)	24 (1%)

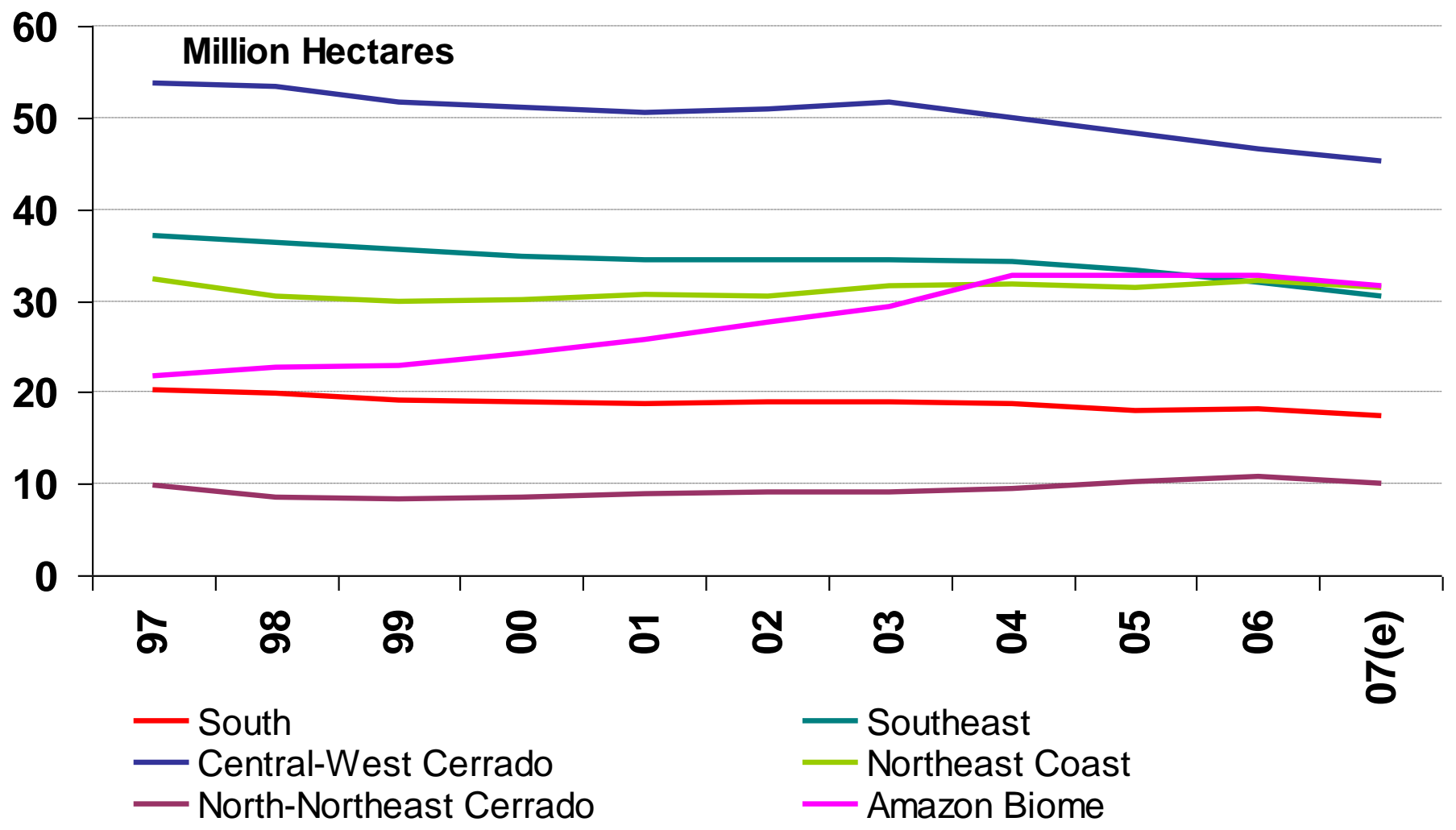
Source (1): Secondary data from IBGE; (2): Satellite images; (3): Projection model; (4) 3 percent of the total agricultural expansion.

# Cattle raising: animals per ha



Source: IBGE (Agricultural Census 1996 and 2006; Livestock Municipal Survey); Scot Consultancy.  
 Note: (e) estimated.

# Brazil: Pastureland Area



Source: IBGE (Agricultural Census 1996 and 2006)

Note: (e) estimated.

# Technology Transfer and Environmental Goods as a way to promote Climate Change Benefits

- Is there enough clean technology available to allow efficient and robust climate change mitigation to a wide range of countries?
- Technology transfer and the reduction of trade barriers (i. e. environmental goods) can benefit a broad number of countries?
- Spreading clean technology:
  - Adoption vs Climate Change needs: 2012; 2020; 2050.
  - Private vs/or Public?
  - Intellectual property rights;
  - Clean vs unclean tech.
- What really is and environmental good: sugarcane ethanol is eligible?  
(ethanol vs biodiesel)

# Conclusions

- **Carbon life cycle analysis is increasingly important;**
- **The trade rules can easily oppose the differentiation effect contained in a Carbon friendly label: TBT Agreement of the WTO; Article XX of GATT;**
- **The possibility to rise barriers to trade based on the climate change appeal is very present:**
  - **The debate about indirect land use changes related to the Brazilian sugarcane ethanol production is a clear example;**
- **There´s nothing wrong about Carbon accounting:**
  - **The problem is to do that with disguised purposes;**
  - **The Common but Differentiated Principle needs to be taken into account.**
- **Case studies would be interesting in order to contribute to this debate: ethanol and beef for example.**

**Thank you for your attention.**

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