

Our natural wealth is disappearing fast

We are witnessing the destruction of nature on a catastrophic scale. The current extinction rate is reckoned to be 1000 times the historic norm.⁵ We have already cleared around half the world's habitats⁶ and estimates suggest we are losing 0.5–1.5% of wild nature every year.⁷ Over a human generation, this means losing roughly a third of what is remaining. This is a serious economic problem too – the irreplaceable economic value of wild nature has been estimated at a staggering \$20 trillion a year.⁸

The expansion and intensification of agricultural production is the biggest driver of the global decline in terrestrial biodiversity.⁹ While destruction of natural habitats to expand farming is the main cause of biodiversity loss in the South, in the North it is agricultural intensification.¹⁰

Ecosystems are under strain

Intensive agriculture relies heavily on manufactured nitrogen and phosphorus fertilizers. As a result, the global flow of biologically available nitrogen has doubled, and phosphorus has tripled, since the industrial revolution. The ecological threat posed by such a massive alteration to the earth's cycling of nitrogen was judged in a recent assessment by over one thousand leading scientists to be second only to climate change.¹¹ Agriculture also uses around three quarters of all the water we abstract, often exacerbating water shortages, and across the world intensive practises are degrading soils at an alarming rate.

The poor and vulnerable suffer the most

The poor depend the most on a healthy environment, fertile soils, clean water and healthy ecosystems, for their survival. A recent comprehensive study¹² estimated that forests alone contribute over a fifth of household income in developing countries. Environmental degradation has been estimated to cost many developing countries 4–8% of their Gross Domestic Product every year.¹³ Unsustainable agriculture that damages the environment therefore has a disproportionate affect on the poorest people and countries.

▼ Rainforest deforestation

Several Sustainability Impact Assessments (SIAs) have evaluated the social and environmental impacts of trade liberalisation, but they haven't yet been translated into policy. An SIA by the EU found that agricultural liberalisation will accelerate deforestation. These findings must be translated into policy.

⁵ Millennium Ecosystem Assessment (2005)
⁶ Jenkins et al. (2003) Conservation Biol. 17:20-23
⁷ Balmford et al. (2003) Trends Ecol. Eol. 18: 326-330
⁸ http://www.rspb.org.uk/policy/Economicdevelopment/global_value.asp
⁹ State of the World's Birds 2004, BirdLife International
¹⁰ Donald, Green and Heath (2001) Agricultural intensification and the collapse of Europe's farmland bird populations Proc. Roy. Soc. Series B 268 25-29
¹¹ Millennium Ecosystem Assessment (2005)
¹² World Resources Institute, Velded et al 2004
¹³ World Bank, Environmental Strategy, 2004



for birds
for people
for ever



The RSPB is the UK partner of BirdLife International. It leads on trade policy issues for the BirdLife partnership and coordinated and produced this publication.

BirdLife International is a partnership of people for birds and the environment. Together we are the leading authority on the status of birds and their habitats. Over ten million people support the BirdLife Partnership of national non-governmental conservation organizations and local networks. Partners work together on shared priorities, programmes and policies, learning from each other to achieve real conservation results. The BirdLife partnership promotes sustainable living as a means of conserving birds and all other forms of biodiversity. We promote an international trade system that strikes an equitable balance between economic, social and environmental concerns, supporting sustainable development and biodiversity.

“ To make poverty history, we have to put the environment at the center of policy and decision making ”

¹ Nobel Peace Prize Laureate and Assistant Minister of Environment for Kenya, Wangari Maathai

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Thoughts for food

Agricultural trade rules for a sustainable future

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Reforming agriculture: the world's greatest challenge?

Trade rules could play a critical role in helping meet the environmental and social challenges faced by agriculture worldwide. The nature of these challenges are described here and key policy recommendations are made so that trade can become part of the solution, not part of the problem.

Farming is one of the world's largest industries, employing 1.3 billion people,¹ and feeding and clothing us all. It is central to all our lives and well-being, but agriculture and the system it operates within face greater challenges than ever before.

Farming needs to ensure dependable, nutritious diets for a growing world population, provide increasing quantities of textiles, industrial products and energy, as well as help eliminate hunger and poverty, and maintain the healthy environment on which we all ultimately depend. BirdLife's analysis of the environmental challenges faced by agriculture shows that we are currently failing to meet these needs. A key step towards changing this situation is reform of the world's agricultural trading system.

In 2000, world leaders pledged to meet the Millennium Development Goals (MDGs) to halve hunger and poverty and ensure environmental sustainability by 2015. Yet 800 million people still go hungry and more than one billion live on less than a dollar a day; three quarters of whom live in rural areas and depend on farming.

¹ Jason Clay (2004) *World Agriculture and the Environment*, Washington; Island Press
² WWF (2003): Soy Expansion – Losing Forests to Fields.

▼ Soil erosion in the Brazilian Cerrado

Growing soy for export is a major driver behind loss of natural habitat in South America, particularly the Brazilian Cerrado. Intensive farming practices then often lead to further environmental degradation. A soybean field in the Cerrado can lose up to eight tons of soil per hectare, each year⁴.

Agriculture continues to place a severe strain on our natural environment; polluting and depleting water supplies, degrading soils and driving countless species towards extinction.

Meeting the challenge

Few of us would get the agricultural products we need – the food, the textiles, the industrial products – without trade. Flourishing trade is central to a thriving economy, with agricultural trade a hugely important element of it. Only 10% of agricultural trade is international¹, but international trade rules exert a disproportionately large influence because they set the framework within which agriculture operates. Farmers may supply goods to local markets, but the price they receive is determined by competition from abroad. Trade rules should be designed to regulate this system to promote the best outcomes for people, society and the environment. At present, the nations of the world are not only failing to promote such a system, but are often actively working against it.



Photo: Oxford/Minidom Pictures/FLPA

▲ **The Critically Endangered Lears Macaw is rapidly losing habitat to agriculture** Birds are one of the best studied species groups, making them an excellent indicator of the health of our planet. 12% of all bird species are currently threatened with extinction, and the situation is getting worse. Agriculture, particularly expansion into pristine habitats, is the principal driver of bird declines worldwide.

Trade rules and agriculture: Impoverishing...

Agriculture and the World Trade Organisation

International trade rules are agreed through negotiations between governments at the World Trade Organisation (WTO), within which the Agreement on Agriculture (AoA) sets the global framework for agricultural trade. The AoA promotes the liberalisation or 'freeing' of agricultural markets, and is being renegotiated as part of the current 'Doha Round' of WTO negotiations.

This means that the world is at a critical moment for agricultural trade. Negotiations continue in the absence of any consideration of long-term sustainability. Not strategic assessment has been made of the likely impact of changes on the global environment, but we know they will be significant. The Doha Round negotiations are therefore failing to play their role in promoting a sustainable agricultural system that can feed the world, conserve our environment and create prosperity for the poorest.

...Or enriching the world?

The decisions made at the WTO affect our lives, the societies we live in and the health of our environment. If world leaders do not acknowledge the wider impacts of their choices and place them at the centre of trade negotiations, we will not achieve the Millennium Development Goals for poverty, hunger and the environment. In no sector is a change of approach more urgently needed than in agricultural trade policy.

► Sustainable coffee

Traditional 'shade-grown' coffee can be an excellent example of sustainable farming, efficiently producing high quality coffee whilst retaining a diverse forest canopy, protecting soils and conserving water supplies. Conversely, the expansion of 'full sun' coffee farms has caused considerable deforestation and environmental damage in some countries.



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Principles for agricultural trade policy

Sustainability

All dimensions of agricultural trade policy, including effects on food security, environmental sustainability and poverty reduction, should be fully integrated into policy making

Transparency

Citizens must have the opportunity to be consulted and to oversee and hold governments to account for their trade policy positions and negotiations. The WTO has a poor track record and trade negotiations are notoriously opaque.

Real efficiency

The true costs and benefits of agricultural trade policy to society and the environment should be properly valued and accounted for.

Flexibility

Countries should have the flexibility to pursue policies to achieve food security in a socially and environmentally sustainable manner.

A blinkered agenda

Within the WTO it is often argued that agricultural market liberalisation is positive in its own right as it leads to greater economic efficiency and increases wealth. The current liberalisation agenda is based on this premise, but it overlooks three critical issues:

1 **Agricultural trade rules can have huge and detrimental impacts on people and the environment.**

Trade rules shape agricultural markets; influence the price and availability of food, affect farmers' livelihoods and ultimately how they manage their land. This directly affects the well-being, culture, and economic prospects of

over a billion people who depend on farming. It also deeply affects our environment. Trade negotiations must take into account these impacts to ensure the best social and environmental outcomes.

2 **Market-led policies consistently fail to appreciate the value of the environment.** Agricultural production and trade impose huge external costs on the environment that are rarely taken into account by the market. These include the contamination of drinking water, loss of biodiversity, the destruction of natural habitats, soil erosion, water supply depletion, the displacement of communities, and emissions of greenhouse gases. These costs affect standards of living, even in countries where financial wealth is increasing², and reduce long-term human welfare and prosperity.³ The greatest losers are

often the poorest countries and the poorest people.

3 **Unregulated agricultural markets are notoriously unstable.**

Agricultural markets suffer from wild swings in prices with short peaks and long troughs. For example, the price of coffee fell by nearly 70% between 1980 and 2000, spelling disaster for the 25 million families in developing countries who depend on coffee farming.⁴

Trade negotiations must address these three critical issues by ensuring proper regulation of agricultural markets in conjunction with other policies such as taxes, public incentives and standards. Trade rules must not prohibit or limit measures taken by governments to correct market failures or meet their environmental commitments set through national policies and Multilateral Environmental Agreements.



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▲ **Sustainable development** Sustainable development is a pathway to human development that sustains and enhances the Earth's natural resources, protects essential systems on which all species, including humans, depend, to achieve well-being, equity, justice and security within and between generations, both locally and globally.

¹ Dasgupta, P (2004) *Human Well Being and the Natural Environment*, Oxford University Press
² Balmford et al, (2002) *Economic Reasons for Conserving Wild Nature*, *Science* Vol 297, pp950-953
³ Swift, R (1998) 'A cocoa Farmer in Cadbury's Court: Chocolate Wars', *New Internationalist*, Issue

Five key policy recommendations

Governments negotiating at the WTO should:

1 **Phase out perverse policies quickly**

Developed countries should phase out their most damaging agricultural trade policies including subsidies that allow goods to be exported at prices below the cost of production, and excessive tariffs on imported processed products. These must be phased out quickly to agreed timetables in order to contribute to meeting the MDGs by 2015.

2 **Reform agricultural support systems to deliver public benefits**

Developed countries, in particular the EU and the US, must commit to significant and time-bound reductions in all forms of agricultural support that are trade distorting and are not targeted at the delivery of social and environmental benefits.

All public payments to agriculture should be transparently targeted at correcting market failures and delivering public benefits, such as biodiversity conservation, clean water and a healthy environment. These payments should be designed to avoid negative impacts on developing countries.

3 **Ensure market access contributes to sustainable development**

Increases in developing countries' access to markets can be an important tool for eradicating poverty, but improvements shouldn't be at the expense of long-term sustainability.

The EU's Sustainability Impact Assessment found that proposed agricultural trade liberalisation would have negative environmental impacts overall and accelerate deforestation. The environmental impacts of proposed reforms must be evaluated, and action taken if environmental damage is unavoidable, to protect important ecosystems that are at risk. To do this effectively, developed countries should increase the resources available for their protection. In the long-term, trade policies should seek to favour sustainably produced products through inclusive accreditation systems.

4 **Give developing countries the right to adapt their trade policies to support their own sustainable development pathways** Developing countries have already opened up their agricultural markets

considerably without reciprocal concessions from developed countries, often resulting in detrimental impacts on their food security, their economies and their environment. Developing countries should be guaranteed the flexibility to adapt their trade policies to ensure food security and meet poverty reduction targets.

5 **Deliver internationally agreed commitments to support sustainable agriculture and protect the natural environment, particularly in the developing world**

Developed countries must support these efforts to reform the trade system through the provision of greater technical and financial support. This is urgently needed to support sustainable agriculture and to protect the natural environment that underpins development. Governments must therefore act now to deliver commitments made at the Millennium Summit (2000), the Monterrey Financing for Development Conference (2002) and the Johannesburg World Summit on Sustainable Development (2002).

Part of the solution, not part of the problem

The problems that agriculture and the world face will not be solved by trade reform alone. Feeding the hungry, conserving our environment and eradicating poverty require integrated policies in all countries, across the whole of Government, including ones to address unsustainable consumption. Making development truly sustainable is a serious challenge – but one we cannot afford to ignore. Governments of the world must rise to this challenge by developing a global trading system that delivers productive economies, thriving societies, and a healthy, rich environment for all, now and for future generations. Adopting the five key recommendations above would help make trade rules part of the solution, not part of the problem.



▲ **Ethiopian farmers farming for life** BirdLife Partners across the world are helping to find solutions. In Berga, Ethiopia we are working with local people to promote sustainable farming of sheep and goats to improve livelihoods and conserve a valuable wetland site

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