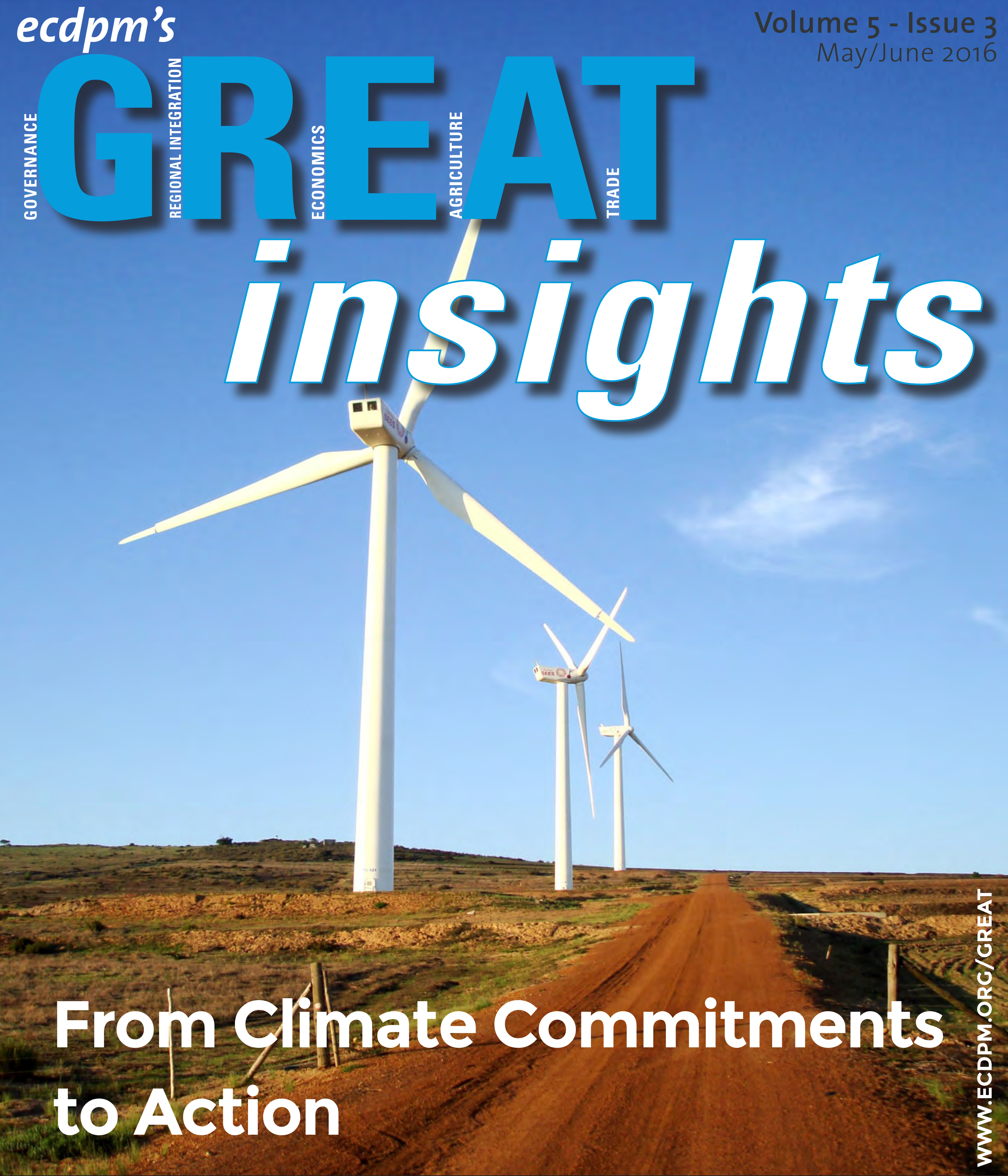
ecdpm's
Volume 5 - Issue 3
May/June 2016

GREAT insights

GOVERNANCE REGIONAL INTEGRATION ECONOMICS AGRICULTURE TRADE



From Climate Commitments to Action

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In this issue:

Discussing global society, solidarity, cooperation, EU, Africa, agriculture, conflict, trade & WTO, finance

About *GREAT Insights*
Governance, Regional integration, Economics, Agriculture and Trade (GREAT) Insights is ECDPM's magazine covering a wide range of topics related to economic development in Africa and the developing world. *GREAT Insights* gathers expert analysis and commentary from a wide variety of stakeholders with different perspectives.

***GREAT Insights* is published by ECDPM**
Editor:
Sanoussi Bilal
sb@ecdpm.org
Twitter: @SanBilal1
Executive editor:
Pamela O'Hanlon
poh@ecdpm.org
Guest editor: Hanne Knaepen, hk@ecdpm.org
Design, layout and production: Claudia Backes, cba@ecdpm.org

HEAD OFFICE
Onze Lieve Vrouweplein 21
6211 HE Maastricht
The Netherlands
Tel +31 (0)43 350 29 00
Fax +31 (0)43 350 29 02

BRUSSELS OFFICE
Rue Archimède 5
1000 Brussels
Belgium
Tel +32 (0)2 237 43 10
Fax +32 (0)2 237 43 19

ISSN: 2215-0593 (print)
2213-0063 (online)
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This publication benefits from structural support by ECDPM's institutional partners The Netherlands, Belgium, Finland, Ireland, Luxembourg, Portugal, Sweden, Switzerland, Austria and Denmark.

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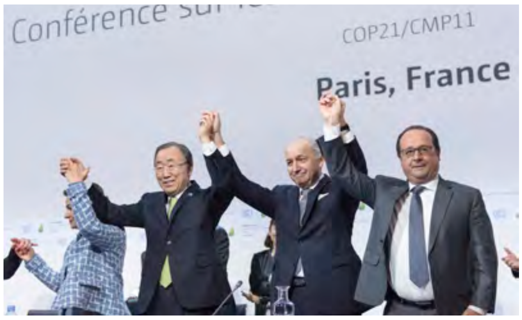

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Thematic focus

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Coverphoto: Darling wind farm, Cape Town, South Africa. Photo: warrenski, flickr.com

Photo above: Closing Ceremony of COP21, December 2015, Paris: Secretary-General Ban Ki-moon (second left); Christiana Figueres (left), Executive Secretary of the UN Framework Convention on Climate Change (UNFCCC); Laurent Fabius (second right), Minister for Foreign Affairs of France and President of the UN Climate Change Conference in Paris (COP21) and François Hollande (right), President of France celebrate after the historic adoption of Paris Agreement on climate change. Photo: United Nations

Editorial

To coincide with Earth Day, the Paris Agreement, adopted last December at the 21st Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change (UNFCCC), opened for signature on 22 April 2016 in New York. The Paris Agreement aims at greenhouse gas emissions mitigation, adapting to climate change action, and mobilising climate financing and technology. It is a major achievement, a clear sign of the collective resolve of humanity to seriously tackle one of the most critical challenges of our time. Together with the 2030 Agenda for Sustainable Development adopted last September 2015, it marks a tremendous success for multilateralism, while the WTO round of trade negotiations has been less successful. It resulted from aligning expectations from a range of stakeholders, and a convergence of various coalitions, involving not only governments, but also business and civil society actors, as well as the scientific community. It was pushed by a strong new US-China alliance, an active European Union, a number of developing country coalitions, including the Group of African, Caribbean and Pacific countries, and very effectively coordinated by France. Most of all, the Agreement is meant to be a people agenda, a partnership with global and local actors, public and private.

Yet, there is no place for complacency. Time is running out, and unless decisive steps are taken to speedily walk the talk and translate ambitious global commitments into concrete actions at global, regional, national and local levels, the Paris Agreement will fail to deliver and sufficiently reduce climate change.

All country leaders have not only to sign and ratify the Paris Agreement, they must also identify concrete action plans to achieve the climate change goals, by submitting Nationally Determined Contributions (NDCs) (as elaborated on by **Tosi Mpanu-Mpanu**). This requires a comprehensive approach based on policy coherence and coordination. Most importantly, it involves some fundamental shifts in our production and consumption patterns, and approaches to our future. The Paris Agreement is only a small step in this process, which can only lead to a giant leap for humanity if such shifts in the paradigm are taking place.

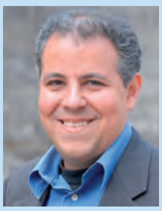
In practice, the NDCs should include: mitigation targets regarding global temperature rise; consensus to support adaptation to climate change and; in the case of developed countries, commitment to provide climate financing to developing countries which, taking the example of climate-vulnerable Africa with its high dependence on the agricultural sector, stand to lose a lot more (see article by **Estherine Fotabong**). Many African policy-makers are taking fate into their own hands: initiatives to mainstream climate-smart measures into their agricultural policies and practices are emerging. This is a work in progress, challenged by limited knowledge, finance and institutional coordination. Yet, the Green Climate Fund, the upcoming UNFCCC meetings and the countries' NDCs that refer to the importance of agriculture, show that there is hope, as argued by **Hanne Knaepen**.

Despite its ambitious targets, there is some disappointment in the Agreement given that it does not provide for sanctions to be imposed upon those who fail to honour their climate change mitigation commitments and comply with the agreement. The abandonment of sanction mechanisms was the price that had to be paid to ensure that countries such as the United States and China ratified the Paris climate agreement in the first place (as discussed by **Dirk Messner**) but it remains to be seen whether requiring parties to engage in adaptation planning processes and submit and update adaptation communications every five years will be enough to achieve the ambitious goal of decarbonising the global economy.

Climate finance and investment is also a major pillar of the required climate action. One of the cornerstones relates to carbon pricing, which is still undefined. Market forces will probably be too slow to emerge on time to tackle climate change ambitions. Public interventions, in the form of significant carbon taxes and others, will likely be required to alter incentives in the short term. Beyond climate mitigation, which still accounts for the bulk of finance action, more emphasis also needs to be put on financing climate adaptation, building on business opportunities and positive public action. This includes not only disinvesting from environmentally damaging operations, but also fostering incentives for reallocation of capital in climate friendly endeavours, as increasingly promoted by international financing institutions (see article by **Nancy Saich**). In financing as well, paradigm shifts and innovations, as with the recent decision by the French President to issue sovereign green bonds, are most needed.

This issue of *GREAT Insights* brings a range of perspectives on some of the challenges, but also opportunities, of translating the Paris Agreement into concrete actions, from a broad perspective, or focusing on more specific issues, such as agriculture, trade, conflict or finance. This is a concern not only for environmental experts but for all of us.

Dr San Bilal, Dr Hanne Knaepen and Pamela O'Hanlon



Dr San Bilal (Editor), Head of Economic Transformation and Trade Programme, ECDPM

Follow San on Twitter: @SanBilal1

Hanne Knaepen (Guest editor)
Policy Officer, Food Security Programme and Institutional Relations & Partnerships Programme

How the WTO can implement the Paris Agreement

by Raymond Saner

Greening the World Trade Organization is an imperative to accompany the implementation of the Paris Agreement.

COP 21 implementation

Climate change remains a serious threat to mankind despite the moment of hope after the successful conclusion of the COP21 last December with the Paris Agreement. Promises given at COP21 to implement mitigation and adaptation measures are based on non-binding proposals causing doubt about what the signatory countries will really do about reducing their greenhouse gases (GHG) emissions. There are several ways to tackle climate change, and break business-as-usual patterns through new technologies, a global carbon tax and greening the World Trade Organization (WTO) agreements.

Technology options

As a way of alleviating doubts about governments' intentions to reduce climate change, some environmentalists take refuge in the belief that new technologies will be developed that can help generate the needed abatement of GHG and that such new technology could be developed, sold and used based on a 'business as usual' approach to protection of intellectual property rights (IPRs) - an approach which has not led to reduction of GHGs. Alternative solutions are needed.

A carbon tax

An increasing number of environmentalists are calling for a carbon tax to stop the frantic increase of life endangering externalities. While a carbon tax is a first step towards stopping 'business as usual', implementing a carbon tax would require extraordinary efforts in measuring and labelling carbon content of goods and services. In view of globalisation, this would mean that goods have to be followed, checked and labeled from initial stage to final product stage. Still, a carbon tax is a laudable effort to bring about carbon truth.

Developing countries' own endeavours

Most of the poorest developing countries are not benefitting from global trade: they are in desperate need of food and often do not have sufficient energy resources hence their citizens continue to cut trees to generate minimal traditional forms of energy. The consequences include land erosion, desertification and inundation, which can lead to conflicts and migration.

It is therefore essential that countries that cannot afford alternative green energy technologies can produce alternative green energy on their own, at home. In doing so, they can contribute to mitigation and adaptation rather than having to wait for eventual handouts such as capacity building support, trade preferences and special loan arrangements. Moreover, the continued economic stagnation and the increasing costs of coping with mass migration and terrorism leads to developed countries cutting their aid to the poor developing countries and taking back some of the special preferences.

Greening WTO agreements

Developing countries need a firm commitment by the wealthy industrialised countries that they will be given access to alternative green technology and related high tech innovations. This could be done if we reconsider some of the basic rules of the WTO that govern intellectual property rights, investment measures and preferential market access rules and regulations.

Green TRIPS

A green approach to the so-called TRIPS, the WTO Agreement on Trade-related Aspects of Intellectual Property Rights, could provide a framework to support technology transfer into developing and least developed countries in order to promote the development of low carbon production to fight climate warming. Brazil has called for a Doha Declaration on Climate Change, applying the same logic to the global public good of climate mitigation as was applied in the area of medicines to human health, namely taking full advantage of the flexibility within TRIPS to grant compulsory licenses to critical climate-friendly technologies.

The Group of 77 and China has also called for compulsory licensing under the UNFCCC negotiations. Moreover, universities and public-private partnerships are beginning to voluntarily adopt alternative licensing solutions, such as including humanitarian or open licensing clauses within their licensing agreements. The list of ideas goes on:

Green planet. Photo: Olearys, flickr.com

the US-China Clean Energy Forum has advanced the idea of establishing a joint intellectual property protection program, with insurance jointly written by US and Chinese entities (for example by the US Overseas Private Investment Corporation and by People's Insurance Company of China), to lend credibility to IPR protection regimes.

Green TRIMS

Greening the Trade Related Investment Measures agreement (TRIMS) would constitute an option to renegotiate and re-activate it. Many developing countries experienced TRIMS as a useful mechanism allowing them to temporarily protect their own industries in select sectors until they were ready to drop these measures. A second generation TRIMS agreement could be negotiated which could allow developing countries time to protect infant industry in the sector of carbon reduction technology and hence it could make it easier for them to commit to GHG reduction targets.

Assessing such a re-use and negotiations of TRIMS could be guided by UNCTAD whose research on Foreign Direct Investment and developing country mandate would make it the appropriate international organisation to lead such an effort.

Applying green TRIMS could help developing countries learn how to apply and use green technology for climate change adaptation and mitigation. One of the common measures currently prohibited by the WTO TRIMS Agreement is 'local content requirements', a specific law or regulation committing foreign investors to purchase or procure locally a minimum threshold of goods and services. A reintroduction of TRIMS to support a new green TRIMS Agreement would ensure that green technology is produced fully or partially in the importing developing countries, either in commercial partnership with developed country patent holders or alone through their own abilities to innovate and create their own green technologies.

Green plurilateral PTA

A green three-sector Plurilateral Agreement is a comprehensive solution to fight climate warming and to reduce poverty. This solution would consist of negotiated trade-offs across three domains of the WTO framework agreement, namely:

1. *Environment:* green goods and green services putting trade liberalisation of goods (EGA) and services (TISA) on most favoured nation basis with exemptions for Developing and Least Developed Countries.
2. *Energy:* green goods and services relevant for supporting green energy, making 'green' commitments in GATT and GATS related to green energy);
3. *Trade and development:* making green commitments through Preferential Trade Agreements (PTAs) giving market access for green technology producers in developing countries to markets in developed and emerging countries; trade facilitation and capacity building to help Low-Income Developing Countries and LDCs to grow economically and reduce poverty within green growth parameters.

New thinking required

The notion of Global Public Goods and Public Common Goods needs to be revisited to accompany the newly adopted Sustainable Development Goals (SDGs). Besides, the tensions between Multilateral Environmental Agreements (MEAs) and the multilateral, plurilateral and bilateral trade and investment agreements hinders the goal of achieving low carbon investment and low carbon economic activities. The principle of mutual supportiveness suggests that each international regime should take into account the scope and legal ramification of other agreements and ensure that treaty regimes are complementary not contradictory.

In addition, recurring crises linked to finance, food, energy and climate change have fuelled collective forms of coping, producing and provisioning food and energy at affordable prices as part of Social and Solidarity Economy (SSE). A prominent feature of SSE is the possibility to craft new ways of producing and distributing food and other goods and services that are fairer for producers, healthier – and sometimes cheaper – for consumers, better for the planet and beneficial in terms of social or community cohesion.

The UN Inter-Agency Task Force on Social and Solidarity Economy considers that SSE holds considerable promise for addressing the economic, social and environmental objectives and integrated approaches inherent in the concept of sustainable development as defined by the SDG agenda. SSE has the potential to support the transition from informal economy to decent work; green the economy and society; promote local economic development; develop sustainable cities and human settlements; empower women's well-being; ensure food security; promote universal health coverage; and provide transformative finance. SSE appears to be a promising new approach consistent with the concepts of Mutual Support and Global Public Goods.

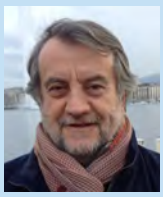
A green approach

Aspiring to simultaneously achieve the COP21 goals, the SDG goals, as well as continued trade and economic growth on the basis of 'business as usual' approach, is simply an absurd undertaking. A greening of the WTO framework is needed to reduce barriers to the global trade of environmental goods and services and concomitantly make access to green technology possible and affordable for developing countries that have to cope with the negative consequences of climate change as do developed countries. However, the developing countries and particularly the LDCs are severely hampered by their scarce financial resources and lack of access to green technology.

In the public interest, giving developing countries concessions through green TRIPS, green TRIMs and a green tri-sector plurilateral should be linked to requesting developing countries to make Intended Nationally Determined Contributions (INDCs) commitments to effectively implement the Paris Agreement as fast as possible for the good of all countries and their citizens.

For more detailed reading on the suggestions developed in this article please refer to the author's recent e-book titled *Greening the WTO* available at: http://feempress.feem.it/getpage.aspx?id=8350

About the author



Prof Raymond Saner is Professor of International Relations & International Management at Sciences Po, Paris and University of Basel, Switzerland and Director at the Centre for Socio-Eco-Nomic Development.

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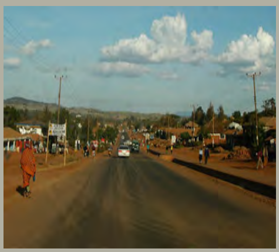

Cooksey, B. 2016. Tanzania and the East African Community: A comparative political economy. (Discussion Paper 186). Maastricht: ECDPM.

Tanzania has improved port efficiency, reduced the cost of transit trade and increased the export of manufactured goods to its neighbours in the EAC. But Tanzanian clearing and forwarding agents, travel and tourism companies and trades unions strongly resist deeper integration under the EAC Charter.

Ramdoo, I., Randrianarisoa, A. 2016. Secteur extractif à Madagascar : quel appui à la société civile ? (Note de réflexion 185). Maastricht : ECDPM.

La société civile et les communautés locales malgaches sont désormais confrontées à de nouvelles problématiques avec l'arrivée du secteur extractif à échelle industrielle. Mais elle rencontre de nombreux obstacles, notamment à l'action collective.

Medinilla, A., El Fassi, S. 2016. Réduire les inégalités régionales en Tunisie. (Note d'information 84). Maastricht : ECDPM. (Also available in English at http://www.ecdpm.org/bn84)

La nouvelle Constitution tunisienne vise une distribution plus équitable entre les régions de la prospérité et des opportunités. Cette ambition se heurte cependant à des contraintes structurelles et politiques.

ECDPM. 2016. Monitoring and reporting on Policy Coherence for Sustainable Development (PCSD): The example of Switzerland. (Discussion Paper 184). Maastricht: ECDPM.

Switzerland is committed to promote Policy Coherence for Sustainable Development (PCSD). A monitoring and reporting system is indispensable to guide this effort and to track and report progress.

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Regional integration in Africa
July/August 2016, Volume 5, Issue 4

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