Linkages between trade, agriculture, biodiversity & climate change

*Experiences from Aid for Trade*

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EXPORT IMPACT for good

ACHIEVING SUSTAINABLE, INCLUSIVE DEVELOPMENT
BY INTEGRATING BUSINESSES INTO THE GLOBAL ECONOMY

What makes ITC unique

A clear focus on helping SMEs internationalise

100% Aid for Trade

Working with the private sector to support private sector development

Adaptability and nimbleness

The joint mandate of the UN and the WTO

Universal membership and neutrality

Depth of experience operating coherently at government, trade and investment support institution (TSI) and SME level to grow trade
Trade and Environment Programme 2014-16

To strengthen the climate resilience and sustainability of natural resource and agricultural value chains.
Trade’s negative impact on biodiversity

30% of global species threats are due to international trade (Lenzan 2012)
Trade can incentivize biodiversity
Building capacity of smallholder farmers & collectors

- Strengthening *organization and bargaining power* of small-holder farmers
- Training on compliance with sustainability *certifications and quality management*
- Training on *sustainable sourcing*
Building capacity of SMEs / cooperatives

- Creation of **market intelligence** and to comply with sustainability **certifications**
- Climate mitigation and eco-efficiency practices at the factory level
- Development of **marketing, branding and packaging** strategies

Production  Value addition  Direct Sale
Creation of direct market linkages

- Support to establish **direct contracts** between SMEs/ cooperatives with international buyers, which value sustainable business practices, traceability and transparency at a premium price
Trade and Environment activities

Peru:
- Vicuna
- Sacha inchi
- Andean grains
- Quinoa
- Cocoa

Uganda:
- Flower

South Africa:
- Rhino horn

Ghana:
- Shea

Sri Lanka:
- Tea

Kenya:
- Tea
- Coffee

Madagascar:
- Crocodile skin
- Raffia

China:
- Medicinal plants

Malaysia, Viet Nam and Indonesia:
- Python leather

Uganda:
- Flower
Main message

*Markets drive specialization but can deliver biodiversity in agriculture*

However, *markets are thin*

*Climate change is exacerbating challenges to deliver biodiversity in trade*

*Investment needed* to increase climate resilience and build markets and supporting institutions.
Quinoa – highly biodiverse in highlands
Trade drives specialization... & reduces poverty
Price rise 2004-13 reduced poverty

- Producer: +46%
- Non-Consumer: +28%
- Consumer: +31%
Price drop reduced quality of nutrition

![Bar chart showing kg consumed across rounds for Quinoa, Tubers (e.g. potatoes), and Total (quinoa and potatoes).]
Win – win? There are missing markets for biodiversity
Lessons for conservation – #1 Assign property rights & build value «what pays stays!»
#2 Build public private partnerships!

Towards environmental sustainability and women’s economic empowerment in Ghana
And climate change?
Climate change exacerbates all challenges in the value chain
Climate change and the Agri-Food Trade
Key trade challenges for coffee and cocoa exporters – *perceptions of Peruvian exporters*

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change</td>
<td>29%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>29%</td>
</tr>
<tr>
<td>Quality</td>
<td>33%</td>
</tr>
<tr>
<td>Market competition/ competitiveness</td>
<td>46%</td>
</tr>
<tr>
<td>Price volatility</td>
<td>71%</td>
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</tbody>
</table>

*Source:* Climate change and the Agri-Food Trade: Perceptions of Exporters in Peru and Uganda
Climate change and the Agri-Food Trade
Additional measures needed to respond to climate-related risks and their impacts

Source: Climate change and the Agri-Food Trade: Perceptions of Exporters in Peru and Uganda

Areas of TEP technical assistance

- Climate resilient crop varieties: 86%
- Export diversification: 73%
- Climate risk insurance: 68%
- Institutional and political environment: 68%
- Access to finance: 68%
- Improved climate information: 59%
- Human resources: 55%
- Networks and partnerships: 41%
- Infrastructure improvements: 32%
Sustainable and climate-smart export sectors

_Kenya – tea sector_

- **Outcomes**
  - Kenyan government made energy audits a legal requirement for the tea sector in 2014
  - Reduction of energy consumption by 30% on average among beneficiaries
  - Improved climate resilient production and processing practices

- **Follow-up**
  - Replication of project in partnership with the Ethical Tea Partnership
Concluding thoughts

Trade in agriculture reduces rural poverty…at the cost of greater specialization

We can create markets for biodiversity…but need to assign property rights and build value

Remove market distortions necessary (energy subsidies, unpriced water etc.)

Support implementation of MEAs (CITES, CBD, UNFCCC)

Aid for Trade can support stakeholders towards these objectives
THANK YOU

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