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HOHENHEIM

## **Trade and sustainable development:**

A view on sustainability efforts in the EU  
and what it means for global trade

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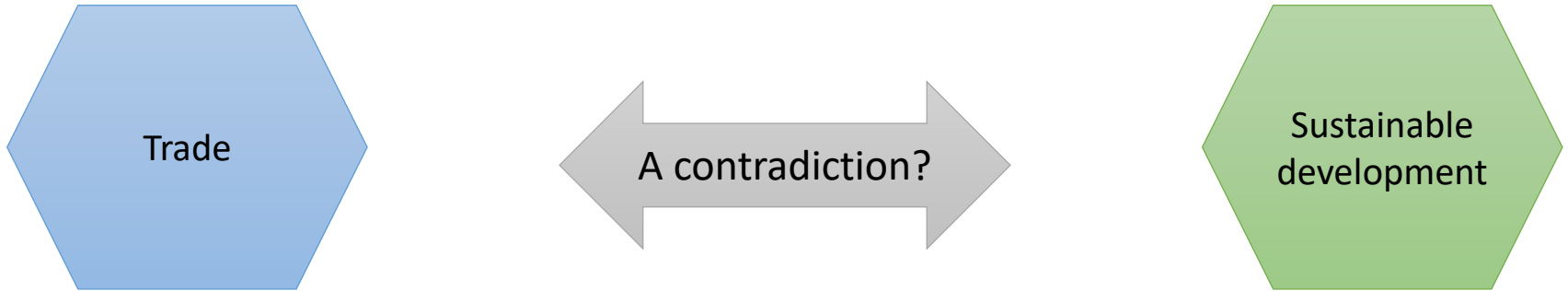
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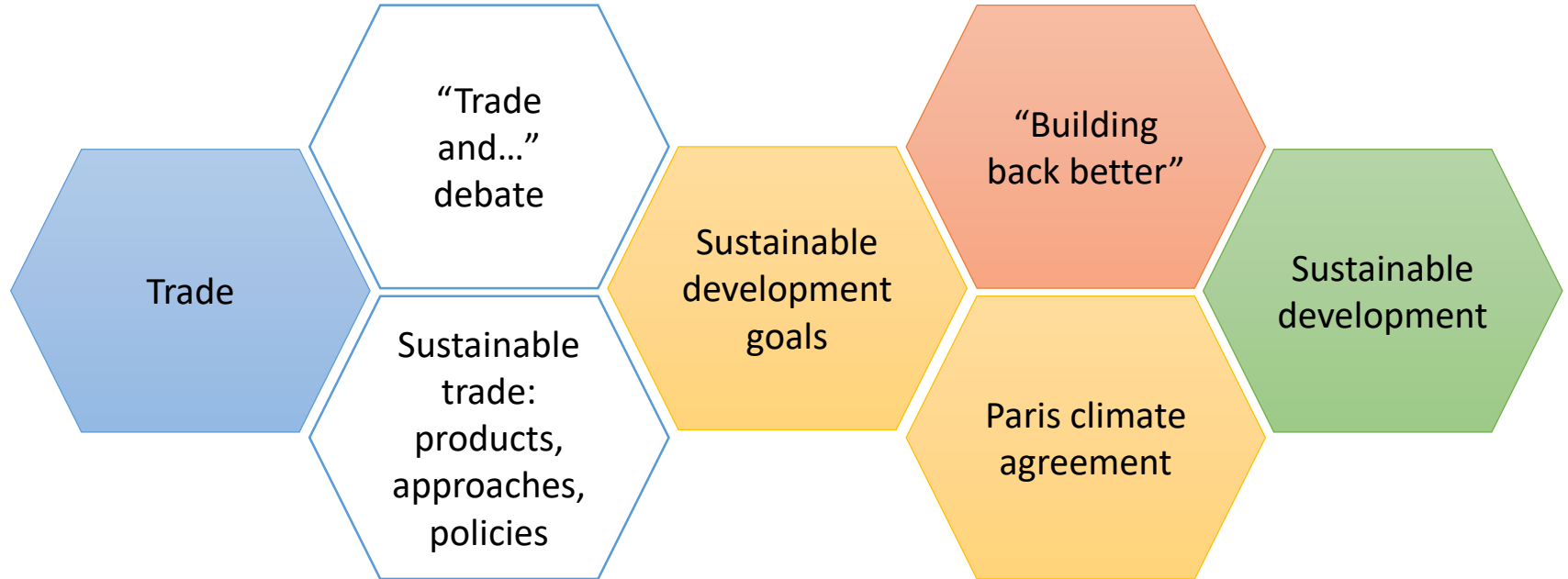
# Introduction

1. Introduction
2. EU approach
3. Challenges for the EU approach
4. Example
5. Conclusion

# Trade and sustainable development

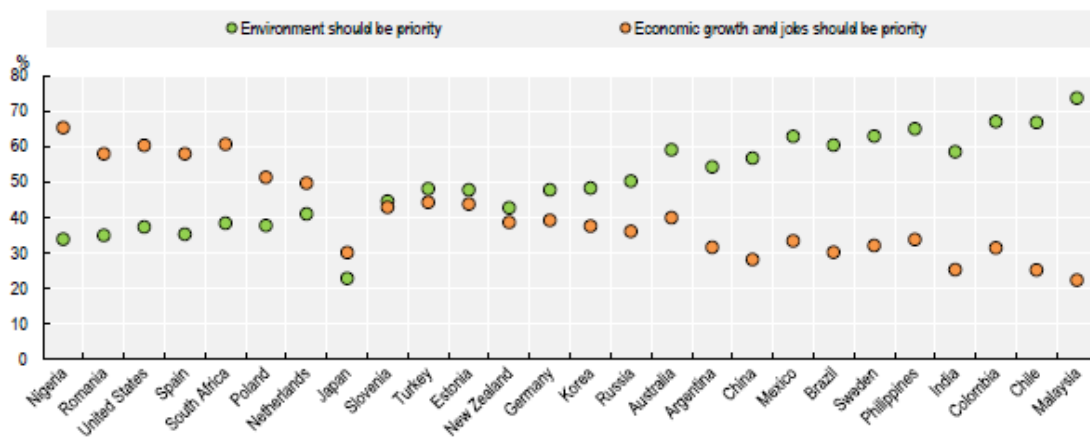


# Trade and sustainable development: globally



# Priorities differ around the globe ...

Figure 3.1. Prioritisation of environment versus economic growth within and across countries



Note: Respondents in nationally representative surveys were asked to indicate which of the following two statements comes closer to their personal view: "Protecting the environment should be given priority, even if it causes slower economic growth and some loss of jobs" or "Economic growth and creating jobs should be the top priority, even if the environment suffers to some extent". Chart is showing responses for selected countries only. In Japan, 47% of respondents either gave a different answer or stated they did not know. Surveys were conducted between 2011 and 2014.

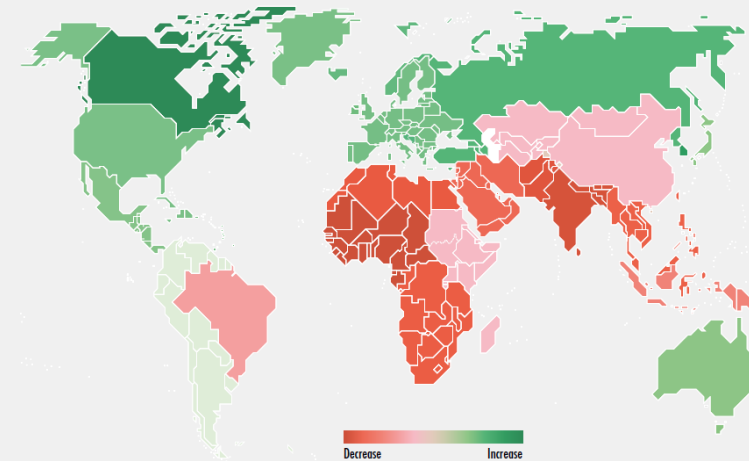
Source: Inglehart, R., et al. (eds.). 2014. World Values Survey: Round Six - Country-Pooled Datafile Version: <http://www.worldvaluessurvey.org/WVSDocumentationWV6.jsp>. Madrid: JD Systems Institute.

# ... but the global sustainability issues are so pressing, that countries need to find answers



Source: <https://www.vox.com/2021/4/23/22397532/climate-change-summit-biden-xi-jinping-jair-bolsonaro-winners-losers>

FIGURE 2.1  
CHANGES IN AGRICULTURAL PRODUCTION IN 2050: CLIMATE CHANGE RELATIVE TO THE BASELINE

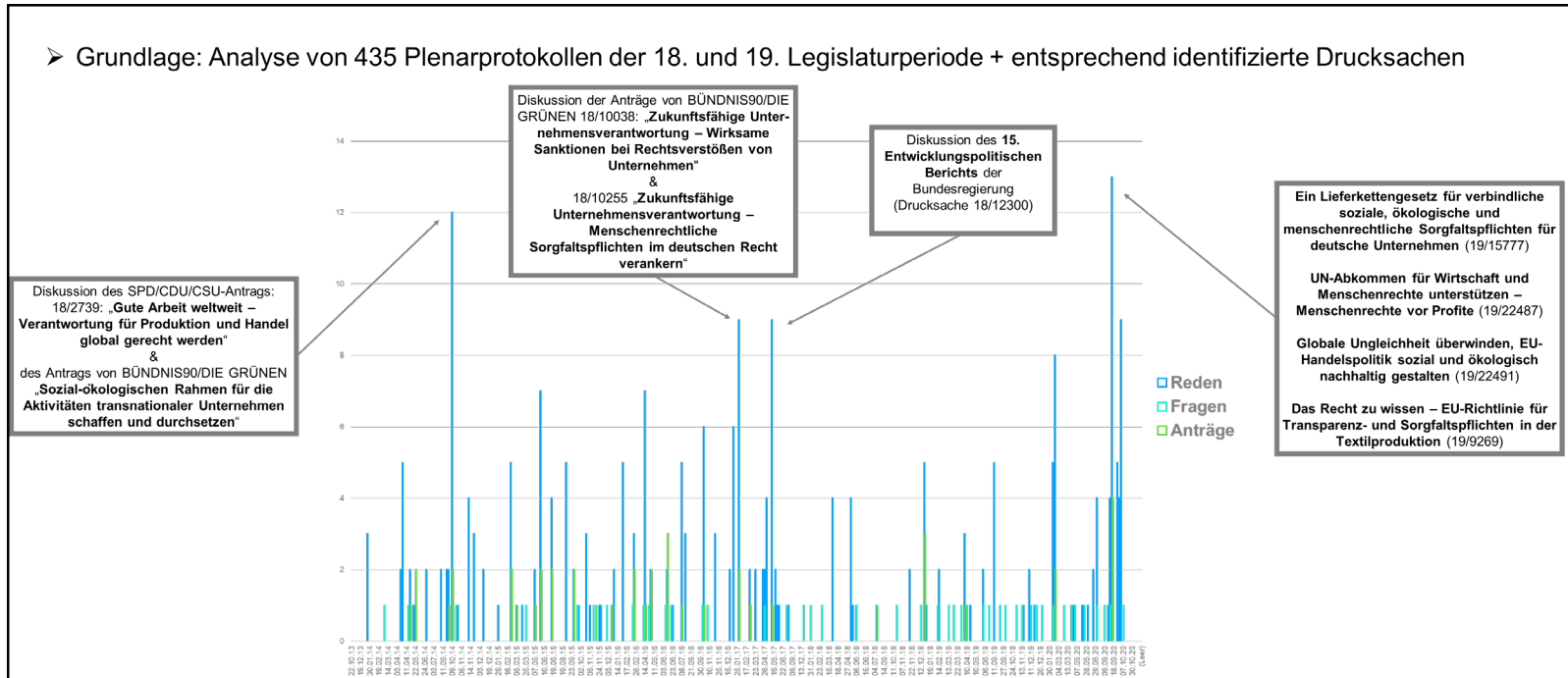


NOTE: The final boundary between the Republic of the Sudan and the Republic of South Sudan has not yet been determined. Final status of the Abyei area has not yet been determined.  
SOURCE: Based on data provided by Wageningen Economic Research, 2018. Climate Change and Global Market Integration: Implications for global economic activities, agricultural commodities and food security. SOCO 2018 Background Paper, Rome, FAO.

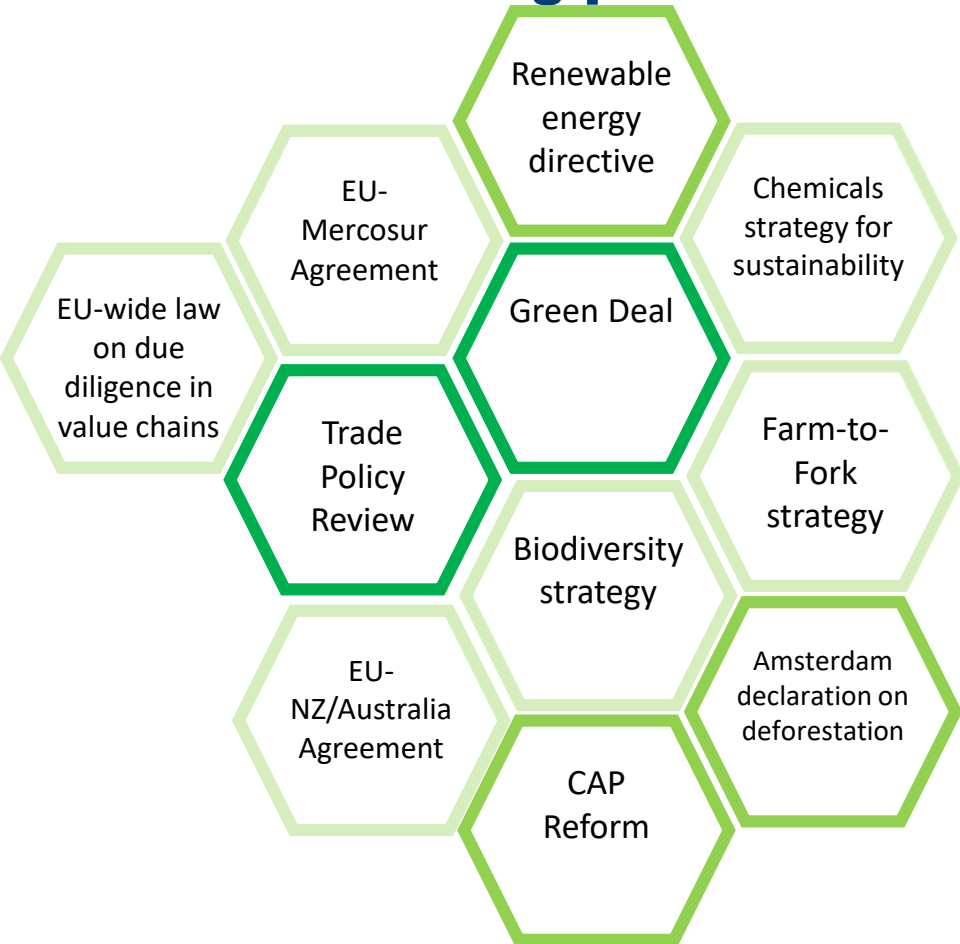
Source: FAO (2018): The state of agricultural commodity markets; p. 20

# The debate is not going away.... Example German Parliament

Count of activities (speeches, questions, motions) over the last five years in the parliament regarding value chain related sustainability topics



# There is strong pressure on EU policy makers to act





# Internal sustainable development: Green Deal / F2F

## EU Green Deal

- **EU new growth strategy**
  - Become climate neutral by 2050
  - Cutting pollution and better protect human life, animals and plants
  - Help companies to become world leaders in green technology and clean products
  - Ensure just and inclusive transition
- Covers all areas of production and consumption
- Wants to stimulate innovation and digitalisation
- **Large set of policies** to be newly developed or adjusted in the next years
- Farm-to-Fork (F2F) strategy, Biodiversity protection, and several others affect the food economy

# Farm-to-Fork Strategy: a fair, healthy, environmentally-friendly food system



Make sure Europeans get healthy, affordable and sustainable food



Tackle climate change



Protect the environment and preserve biodiversity



Fair economic return in the food chain



Increase organic farming

Source: F2F Strategy factsheet (EU, 2020)

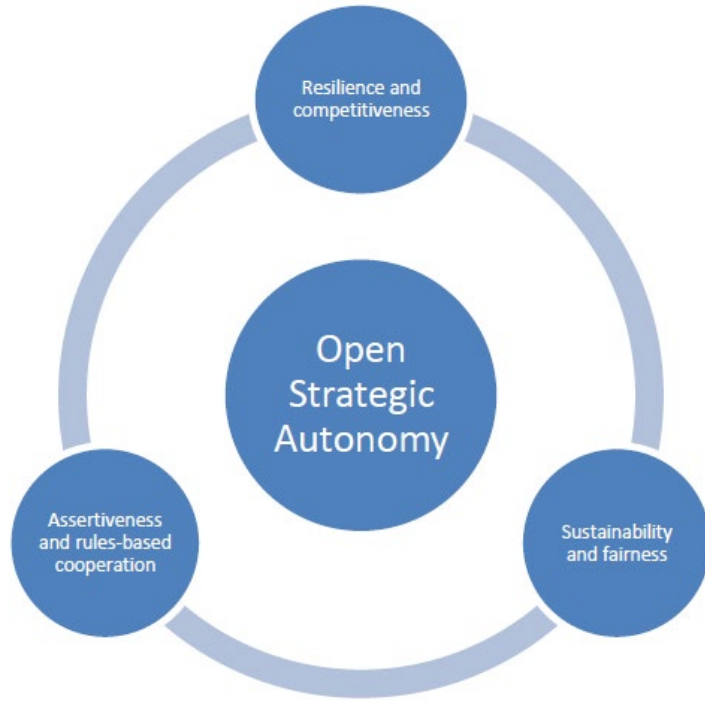
## Measureable targets for the farming sector already defined

- 50% overall pesticide reduction
- 50% reduction of sales of antimicrobials for farmed animals and aquaculture
- 25% of EU's agricultural land under organic farming
- 10% of EU's agricultural land under high-diversity landscape feature
- 50% reduction of nutrient losses while no deterioration in soil fertility

## Food industry and along the value chain

- Support healthy and sustainable choices
- Sustainable food processing: Code of conduct for responsible business and marketing practices
- Front of the pack nutrient and sustainability labelling
- Reduce food waste
- Promote the **global transition**
  - **Development of Green Alliances**
  - **Work with partners in trade and development cooperation**

## Supported by EU external action: Review of EU trade policy agenda (2021)



### Resulting 3 core objectives:

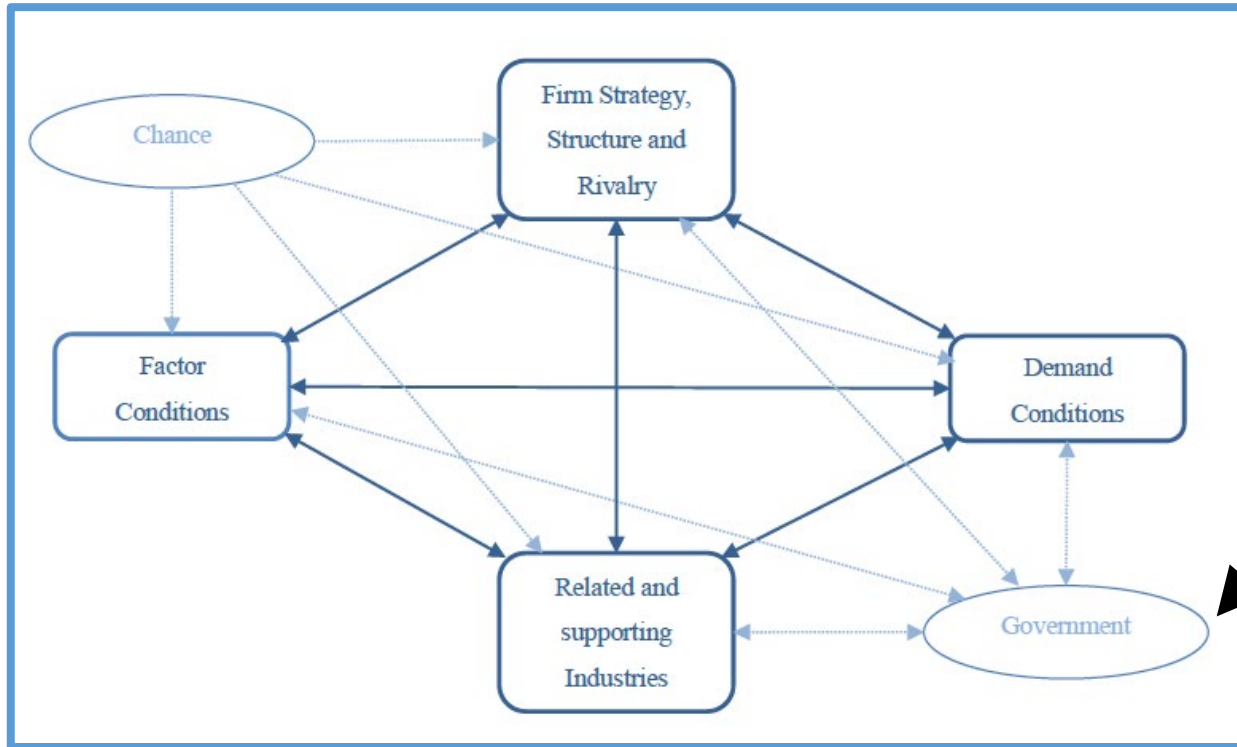
- Supporting recovery and green transformation in the EU
- Shaping global rules for a greener and fairer globalisation
- Increase EU's capacities to pursue interests and enforce its rights



# The challenges in this sustainability transformation

1. Impact on competitiveness
2. How to ensure WTO consistency?
3. How to convince trade partners?
4. How to measure impacts?

# Impact on competitiveness



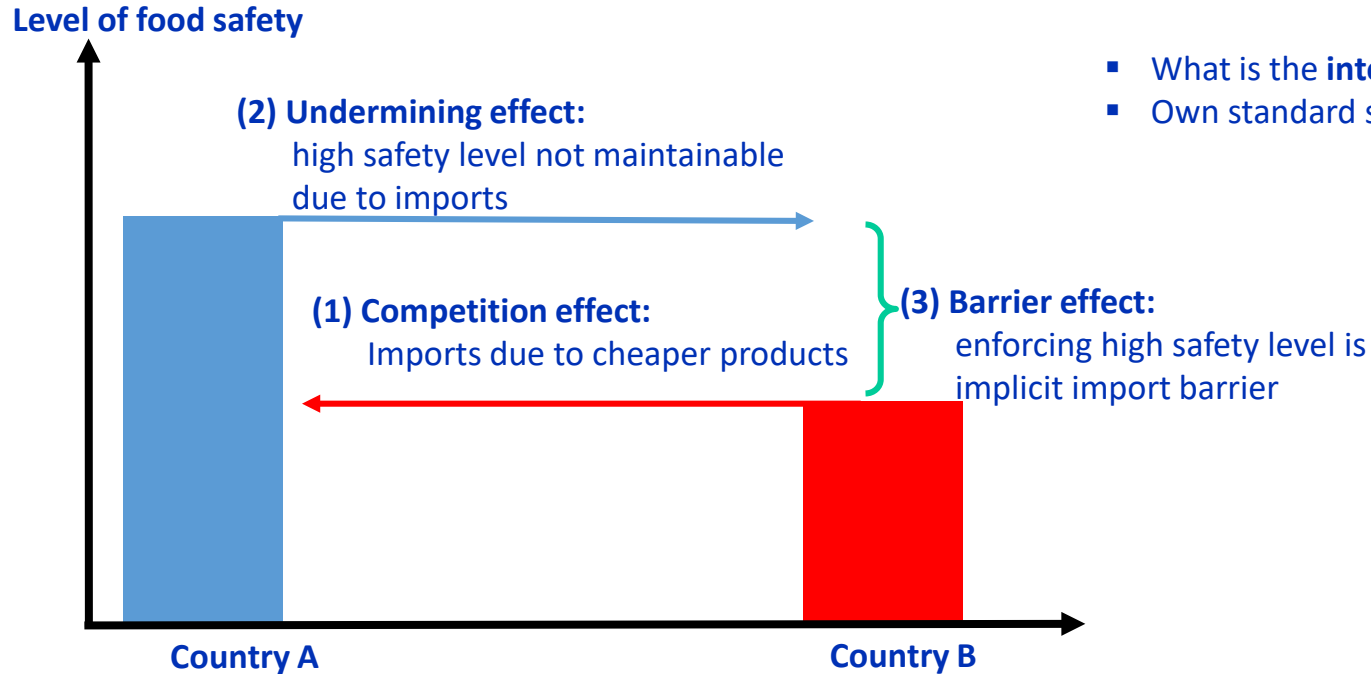
Policy induced sustainability transformation is **one** element that defines the competitiveness of the industry

- Research and innovation
- Development of new products
- Trade policy

are other elements that can help to keep up competitiveness

Source: Barys (2020) Export competitiveness of EU poultry production; Master thesis.

## We know a lot about SPS standards and their impact on trade... learn and extend these approaches – e.g. in international cooperation



- What is the **international standard**?
- Own standard science-based?

# WTO consistency and how to convince partners

## WTO consistency

- Ensure re-functioning of WTO bodies and dispute settlement system
- Rules can be adjusted
- New rules can be developed
- Find partners

## How to convince trading partners

- Sustainability articles in bilateral trade agreements
- Changes to aid and trade approach
- Success may vary
- **Take “detour” over joint research cooperations**

**Important not to underestimate the beacon or leadership example of the EU**

# Policy impact assessment: not trivial

EU Standard tool for each new trade agreement or legislation: Sustainable impact assessment

F2F topics	Ideal model	Beckmann et. al	EU models
Pesticide reduction	✓	Only via yields	Only via yields
Use of antimicrobials	✓		No
Reduction of nutrient loss	✓		✓
Extension of organic farming	✓		Not yet
Reduce food waste	✓	?	Via assumptions
Fair distribution of economic returns in value chain	✓		No
Exogn. shifts towards more healthy diet	✓	?	Yes
Increased use of sustainability labels	✓		No
Boost innovation	✓	No	Simplified assumptions



# Policy impact assessment: not trivial

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F2F topics	Ideal model	Beckmann et. al	EU models
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Reduction of nutrient loss			✓
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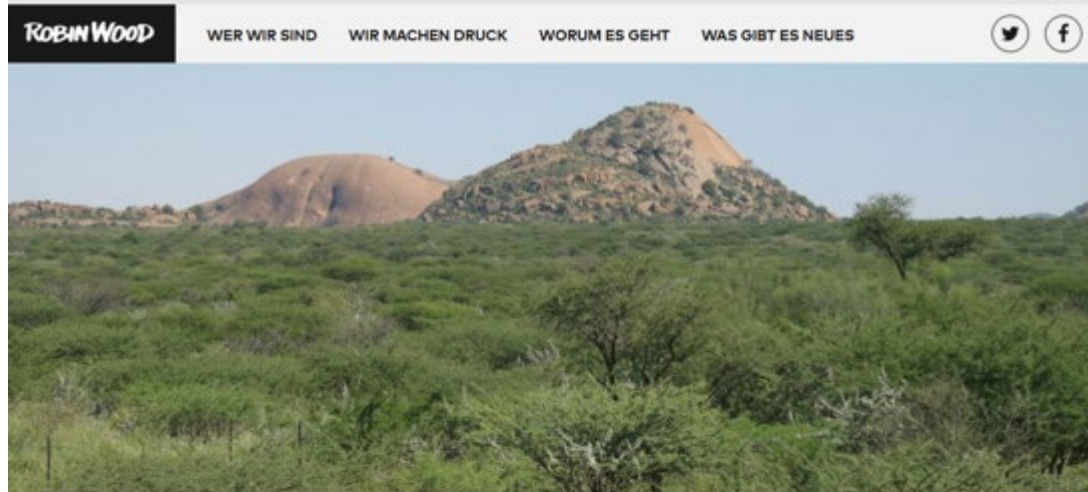
The problem: many of the potentially positive effects can not yet be analysed with the given analysis tools!

**Is this just  
overreaction on the  
EU side?**



# Is this just political overreaction on the EU side?

No – its real.



## Keine Verbrennung von Buschholz aus Namibia in Hamburger Kraftwerken!

Breiter Protest aus der Zivilgesellschaft gegen das Vorhaben der Hamburger Umweltbehörde, Steinkohle durch importiertes Buschholz zu ersetzen

08. Oktober 2020

ENERGIE  
WALD  
TROPENWALD

Gemeinsame Pressemitteilung

**PRESSEMITTEILUNG** In einer **gemeinsamen Stellungnahme** sprechen sich Organisationen der Zivilgesellschaft und Wissenschaftler\*innen gegen Pläne aus, Hamburger Kraftwerke wie das Heizkraftwerk Tiefstack mit Buschholz aus Namibia zu befeuern. Im Mai 2020 war ein „Memorandum of Understanding“ bekannt geworden, wonach die Hamburger Umweltbehörde (BUKEA) und die Wärme Hamburg GmbH ein entsprechendes Vorhaben prüfen. Die Unterzeichner\*innen lehnen dieses von der Deutschen Gesellschaft für Internationale Zusammenarbeit (GIZ) unterstützte Projekt eines Transkontinentalen Biomassestroms ab.

# Conclusion

- The global sustainability challenges are huge – ignoring them is no longer possible
- Trade and sustainable development **or** sustainable development and trade are/should be **closely linked**
  - Sustainability has to become **integral part** of trade and development
- We **need new approaches**: new ways of doing things, new ideas, new products, new labels and new rules
- Sustainability and green transition means something **different in each country** as starting points are different
  - => **for the success, this diversity has to become visible – in research and policy discussion**
- There are **large knowledge gaps!**
- Not only focusing on challenges and problems
- Why not thinking the other way around? **Analysis of bright spots**



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**Thank you for your attention!**

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