Organic agriculture in developing countries

An adaptation and competitiveness perspective

A presentation to: ICTSD/Chatham House
By: Alexander Kasterine, ITC
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Presentation structure – two questions

• How is organic agriculture an adaptation strategy for developing countries?

• What do climate change policy mechanisms mean for competitiveness of developing country agricultural exports, particularly organic?
Principles of good climate mitigation policies

• "The economics of climate change is shaped by science" (to which the corollary is policy responses must be shaped by science)

• Climate change policies must be designed that are "effective, efficient and equitable"

Lord Stern 2007
How is organic agriculture an adaptation strategy for developing countries?
What is organic agriculture?

• Production management system that promotes and enhances biodiversity, biological cycles and soil biological activity.
No agrochemicals
Crop rotations to build soil fertility
Composting to build soil fertility
Natural pest and disease control
Result: more resilient production system

higher organic matter content means greater « sponge effect » e.g. DOK trial Switzerland. Greater reduction in risk of flooding.
Result: more productive system
Result: greater biodiversity
Result: A profitable system (increasing consumer willingness to pay)

Development of Growth in the Organic Food Market compared to Total Market Growth (% p.a.)

Source: IFOAM, Euromonitor, DataMonitor, Análisis Latitude
What do climate change mitigation policies mean for competitiveness of developing country agricultural exports, particularly organic?
What are climate change mitigation policies relevance to agrifood sector?

<table>
<thead>
<tr>
<th>Climate change mitigation MBI</th>
<th>Relevance to agrifood sector</th>
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</thead>
<tbody>
<tr>
<td>Emissions trading</td>
<td>Costs of fertilizer and transport</td>
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<tr>
<td>Carbon tax</td>
<td>Costs of fertilizer and transport</td>
</tr>
<tr>
<td>Border tax adjustment</td>
<td>Impact on tariffs for exports from non carbon reduction committed countries</td>
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<tr>
<td>Voluntary carbon offsets</td>
<td>Agriculture not eligible in CDM but some opportunities in other standards</td>
</tr>
<tr>
<td>Carbon labels</td>
<td>Labels about carbon &quot;embodied&quot; in food products</td>
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</tbody>
</table>
Carbon labelling/embodied carbon approaches

- Food miles campaigns/labels
- Carbon accounting and labels
They can convey misleading information.
They ignore development benefits of trade
Shall we ban cows too?
Life cycle analysis is complicated and costly

- System boundaries
- Primary vs secondary data
- Lack of standard methodology
- High cost
More labels!
Is climate neutrality a legitimate concept?

- Purchase carbon credits and avoids having to reduce emissions
- Legitimizing carbon rich lifestyles
- « a carbon label will put the power in the hands of consumers to choose how they want to be green…it will empower us all the make informed choices and in turn drive a market for low carbon products », Tom Delay, Carbon Trust, UK
DC exporters’ perspective

- New set of market requirements (carbon action plans, emissions data, evidence of offsets) = new costs and increases control retailers of supply chain (like Global Gap)
- No clear evidence of premia to compensate
- Marginal reduced demand due to food miles campaigns – more serious when set in standards
Broader philosophical point: DCs have « carbon space »

![Graph showing correlation between CO2 emissions per capita and GNI per capita](https://example.com/graph.png)
## Climate change mitigation MBIs – effectiveness/efficiency/equity

<table>
<thead>
<tr>
<th>Climate-trade related MBI</th>
<th>Effectiveness and efficiency</th>
<th>Negative competitiveness impact for agricultural exports from developing countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions trading</td>
<td>High</td>
<td>Low, due to low carbon intensity of agricultural exports</td>
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<tr>
<td>Voluntary carbon offsets</td>
<td>?</td>
<td>Low</td>
</tr>
<tr>
<td>Carbon labels</td>
<td>Low</td>
<td>Potentially high</td>
</tr>
</tbody>
</table>
Thank you

Contact:

Alexander Kasterine
Senior Market Development Adviser (Trade and Environment)
International Trade Centre (UNCTAD/WTO)

Kasterine@intracen.org

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