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The Role of Trade Policy in Promoting Sustainable Agriculture

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Brussels, Belgium, 3rd February 2020- In this report, Fredrik Erixon and Philipp Lamprecht analyse the interplay between domestic sustainability standards and sustainability provisions in Free Trade Agreements (FTAs). This synergy is necessary to establish market access arrangements that help to promote better standards and that don't run foul of key trade rules.

The report focuses, particularly on the food sector, which is highly relevant for all new high-ambition FTAs. The authors examine how governments approach the issue of trade and sustainability in the negotiations. They also confront the provisions of nine modern agreements with ambitions to improve its sustainability standards for food placed on the domestic market.

The report identifies four main take-away points that could inform future policy developments.

- First, there is a clear trend of increasing sustainability standards in trade policy. EU and several other economies have increasingly reinforced sustainability ambitions in Free Trade Agreements, and countries who want to go in this direction - e.g. EFTA countries like Norway with high sustainability ambitions - should learn from recent examples.
- Second, there is a substantial body of scientific and policy evidence related to sanitary, phytosanitary and environmental standards. Any government that want to raise its sustainability standards should make sure that they align with evidence and existing policy trends.
- Third, a critical point for governments that are considering to introduce higher standards for market access for foreign producers is to establish them in a structured way. If a policy seeks to condition import on the compliance with a standard, it is necessary to make it clear and precise.
- Fourth, there are direct and indirect relations between domestic standards and provisions in the FTAs. The agreements often deal with policies, such as labour laws, that cannot be easily formulated as a domestic standard. Furthermore, a policy convergence is required for some standards to guarantee smooth trade exchange between the contracting parties.

The report concludes that there are differences between FTAs and how countries approach sustainability standards. The EU, like other large economies, have the power to make demands that smaller economies cannot do. However, for most of the time, the EU is using its economic heft to converge standards at a higher level of ambition. Generally, the EU or other parties do not use FTAs to “regulate” or establish the standard. That rather happens bottom-up – through domestic regulations that later get reflected in trade agreements.

Publication details:

The Role of Trade Policy in Promoting Sustainable Agriculture, ECIPE Occasional Paper No. 01/2020

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