

# Global challenges and unilateral trade measures

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## **Dr Wibke Meyer from CropLife International, argues that unilateral agricultural trade measures are a misguided approach to addressing the global challenges of climate change, biodiversity, and food security**

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There is consensus that food systems must be more sustainable and resilient to respond to global challenges, ensure food security for a growing population, adapt to and mitigate climate change, and reverse biodiversity decline.

The agricultural sector is essential to managing these challenges by providing farmers with a diverse and comprehensive toolbox of agricultural innovations, thereby enabling sustainable food production.

At the same time, agricultural trade should enable functioning food supply chains to safeguard global food security by bridging the global imbalance between food supply and demand. The interaction between trade and the different challenges is complex, creates synergies and recognizes trade-offs.

### **Coherent policies and regulations needed**

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Innovation and trade in agriculture require enabling and coherent policies and regulations. These policies must be in accordance with international agreements and standards. In addition, the specific needs and priorities pursuant to the local circumstances and conditions of agricultural systems must be acknowledged.

This calls for a global collaborative approach. International fora like the Organisation for Economic Co-operation and Development (OECD), the Convention on Biological Diversity (CBD), and the World Trade Organization (WTO) provide a space for governments to shape policies addressing those global challenges collaboratively.

Nevertheless, some governments focus on unilateral approaches via protective or prescriptive measures with an extra-territorial effect. This undermines global trade and is inconsistent with international and bilateral trade agreements, while disregarding national regulatory frameworks.

One textbook example of a unilateral trade measure with extra-territorial reach is the recent EU Regulation 2023/334, lowering trade-facilitating Maximum Residue Limits (MRLs) for certain pesticides to the technical zero. While MRLs are intended to protect the human

health of EU consumers and also enabling trade, the EU is using MRLs to protect environmental factors outside of the EU, thereby disabling trade.

## **Pesticides for sustainable food production**

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Pesticides are needed for sustainable food production to control pests and diseases of crops. Countries face unequal risks for pests depending on the crops and climatic conditions; hence, the pesticide toolbox registered may differ from one country to another. Pesticide residues can remain on the crop after use. These residues are strictly regulated through the setting of MRLs.

MRLs are “the highest level of a pesticide residue that is legally tolerated in or on food or feed when pesticides are applied correctly in accordance with Good Agricultural Practice”, i.e., the approved pesticide label, according to Codex Alimentarius.

The amount of residues must be safe for the consumer and is set according to the ALARA principle: As Low As Reasonably Achievable. MRLs are trading standards, or legal thresholds, ensuring trading nations that the food is safe for consumption. MRLs do not correlate to environmental exposure.

When the registration of these pesticides expired in the EU, the EU removed not only those MRLs corresponding to EU uses but also all other trade-facilitating MRLs that were set at levels that are safe for the consumers but for the stated reason to protect pollinators in countries outside the EU.

As part of the EU’s Green Deal and Farm to Fork Strategy, the EU unilaterally introduced the use of environmental factors into the EU MRL-setting process, thereby regulating product use outside the EU.

When the lowered MRLs apply after the transition period, imported products are no longer allowed to contain detectable levels of residues of those pesticides. This means that growers cannot de facto use those pesticides if they want to maintain the EU as an export market for their produce. However, those pesticides were assessed for their risks to pollinators and are legally registered in their country of use, meaning a de facto ban.

## **Farmers in non-EU countries**

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The farmers in non-EU countries are forced to rely on alternatives with likely higher production costs, lower yield and/or lower quality of crops. The potential negative trade-offs of this EU Regulation 2023/334 in non-EU countries have not been assessed before establishing this unilateral approach.

This EU Regulation 2023/334 is not consistent with international principles and obligations established by Codex Alimentarius and referenced by WTO Agreements, creating non-tariff trade barriers. Subsequently, EU trading partners have been raising Specific Trade Concerns (STCs) in the WTO about this measure – by pointing out its inconsistency with the WTO TBT Agreement.

Leaving aside the fact that MRLs are not a proxy for environmental exposure, such as pollinator health, the EU Regulation 2023/334 discriminates against foreign producers and is extra-territorial in its purpose and intent. The EU thereby also ignores assessments undertaken by non-EU countries under their own regulatory system.

The EU Regulation 2023/334 sets a negative precedent for other measures that will follow the same approach as already announced by the EU, thereby hindering agricultural trade.

## **A necessary path forward to safeguard international trade in agriculture**

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The agricultural sector hugely contributes to managing food security, climate change and biodiversity challenges by providing farmers with a diverse and comprehensive toolbox of agricultural innovations, thereby enabling sustainable food production. A functioning international framework on agricultural trade is essential to bridge global supply and demand, having due regard to synergies and trade-offs.

Innovation and trade in agriculture require enabling and coherent policies and regulations in accordance with international agreements and standards, considering local needs and circumstances.

Discriminatory unilateral measures with an extra-territorial effect risk undermining the collective and collaborative efforts needed for sustainable global food production. Multilateral trade dialogues under the rules-based WTO system, non-prescriptive practices, and adherence to international standards are essential building blocks for effective solutions.

The upcoming WTO Ministerial Meeting in February 2024 is an opportunity to have an inclusive discussion to strengthen the multilateral trading system recognizing diverse needs in global agricultural production. In doing so, the centrality of Codex Alimentarius as a key instrument of trade facilitation must be safeguarded and strengthened. Innovation as a key driver for sustainable intensification in agriculture, reconciling global food security with the conservation of biodiversity must be recognized.

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