

## Wrong forum

The attempt to securitise the climate change agenda could have unintended consequences.

### Highlights:

1. India's negative vote at the UN Security Council (UNSC) on a draft resolution on climate change is a reflection of its long-held opposition to expanding the UNSC's mandate into areas that are already being dealt with by other multinational fora.
2. The resolution, piloted by Ireland and Niger and which had the support of a majority of the UNSC members, was voted down by India and Russia — it has veto powers — while China abstained.
3. Their position is that the UNSC's primary responsibility is "maintenance of international peace and security" and climate change-related issues are outside its ambit.
4. But the supporters of the resolution argue that the climate is creating security risks in the world, which will exacerbate in the future with water shortage, migration and destruction of livelihoods.
5. Germany had circulated a similar draft last year which was never put to vote in the Security Council as the Trump administration opposed it. Now, with support from the Biden administration, the developed world is pushing to include what they call "climate security" in the agenda of the UNSC.
6. While the urgency to take action to tackle climate change is appreciated, the attempt to securitise the climate agenda could have unintended consequences.
7. Bringing the issue under the UNSC will also give more powers to the world's industrialised countries, which hold veto power, to decide on future action on climate-related security issues.



### Key Role of UN Framework Convention on Climate Change (UNFCCC)

1. Currently, all matters related to climate change are being discussed in the UN Framework Convention on Climate Change (UNFCCC), a specialised agency. And with over 190 members, its framework has made progress in tackling climate change.

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2. It is this process that led to the Kyoto Protocol, the Paris Agreement and the recent COP26 summit, and has put in place an international approach to combat global climate change.
3. Sure, there is valid criticism that decision making at UNFCCC conferences is slow and there has to be faster collective action to tackle climate change and associated challenges. But the solution is not outsourcing decision making to the five permanent members of the UNSC.
4. Also, it is wrong to look at climate change through the prism of security. Each nation faces different challenges in transitioning into a greener economy.
5. As India's Permanent Representative at the UN T.S. Tirumurti pointed out, the developed countries, all big polluters, have not met the promises they made with regard to climate action.
6. The least developed and developing countries should be encouraged to keep the promises they made with financial assistance. This needs to be a collective process and the best way is through the UNFCCC, where decisions made are by consensus.
7. The UNFCCC should not only make sure that the promises made by member countries, especially the powerful ones, in previous conferences are kept but also expand the scope of discussions to include climate-related security issues.

## The WTO's challenge to MSP is another frontier to cross

Can India provide a legal guarantee for MSP without violating its international law obligations enshrined in the Agreement on Agriculture (AoA) of the World Trade Organization (WTO)?

<p style="text-align: center;"><b>Green Box</b></p> <p style="text-align: center;">Subsidies that do not distort trade, or cause minimal disruption.</p> <p style="text-align: center;">No limit.</p>	<p style="text-align: center;"><b>Amber Box</b></p> <p style="text-align: center;">Broad range of subsidies.</p> <p style="text-align: center;">Limited to 5% of agricultural production (10% for developing countries)*.</p>	<p style="text-align: center;"><b>Blue Box</b></p> <p style="text-align: center;">Broad range of subsidies allowed but must be designed to minimise trade distortion</p> <p style="text-align: center;">No limit.</p>
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Green Box Subsidies:	Blue Box Subsidies:	Amber Box subsidies:
<ol style="list-style-type: none"><li>1. Non-distorting subsidies.</li><li>2. For R&amp;D.</li><li>3. Environmental protection and regional development programmes.</li><li>4. No limit.</li></ol>	<ol style="list-style-type: none"><li>1. Not directly linked to increasing production.</li><li>2. Given for livestock.</li><li>3. No limit.</li></ol>	<ol style="list-style-type: none"><li>1. Directly contributing in increasing production.</li><li>2. Example: Fertilisers, Seeds, Government procurement etc.</li><li>3. Most distorting.</li><li>4. Limitations imposed by WTO.</li></ol>

### As a trade-distorting subsidy

1. One of the central objectives of the AoA is to cut trade-distorting domestic support that WTO member countries provide to agriculture. In this regard, the domestic subsidies are divided into three categories: 'green box', 'blue box' and 'amber box' measures.
2. Subsidies that fall under the 'green box' (like income support to farmers de-coupled from production) and 'blue box' (like direct payments under production limiting programmes subject to certain conditions) are considered non-trade distorting. Countries can provide unlimited subsidies under these two categories.
3. However, price support provided in the form of procurement of crops at MSP is classified as a trade-distorting subsidy and falls under the 'amber box' measures, which are subject to certain limits.
4. To measure 'amber box' support, WTO member countries are required to compute Aggregate Measurement of Support (AMS). AMS is the total of product-specific support (price support to a particular crop) and non-product-specific support (fertilizer subsidy).
5. Under Article 6.4(b) of the AoA, developing countries such as India are allowed to provide a de minimis level of product and non-product domestic subsidy. This de minimis limit is capped at 10% of the total value of production of the product, in case of a product-specific subsidy; and at 10% of the total value of a country's agricultural production, in case of non-product subsidy.
6. Subsidies breaching the de minimis cap are trade-distorting. Consequently, they have to be accounted for in the AMS.
7. Procuring all the 23 crops at MSP, as against the current practice of procuring largely rice and wheat, will result in India breaching the de minimis limit making it vulnerable to a legal challenge at the WTO.

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## Peace clause

1. The AoA needs to be amended so that it provides adequate policy space to run an MSP-backed food security programme. Although a permanent solution is nowhere in sight, the countries have agreed to a peace clause.
2. The peace clause forbids bringing legal challenges against price support-based procurement for food security purposes even if it breaches the limit on domestic support.
3. India's procurement for rice and wheat, even if it violates the de minimis limit, will enjoy legal immunity. However, India will not be able to employ the peace clause to defend procuring those crops that are not part of the food security programme (such as cotton, groundnut, sunflower seed).

## Some alternatives

1. Arguably, India can move away from price-based support in the form of MSP to income-based support, which will not be trade-distorting under the AoA provided the income support is not linked to production.
2. The recent fiasco with the three repealed farm laws demonstrates that reforms in agriculture, no matter how sagacious, cannot be shoved down the throats of the farmers.
3. The Government needs to engage with the farmers and create an affable environment to convince them of other effective policy interventions, beyond MSP, that are fiscally prudent and WTO compatible.