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20.04.2023 Session Brief

How to handle climate security and trade in times of multiple crises



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The Think2030 Dialogue Sweden, held on 20 April 2023, gathered decision-makers and analysts from policy, business and research communities across Europe to debate the key sustainability issues at stake for EU policy. The Think2030 Dialogue Sweden is one of several activities within the Think2030 platform, created by the Institute for European Environmental Policy in 2018 to provide science-policy solutions for a more sustainable Europe.

As part of the Think2030 dialogue, Mistra and International Institute for Sustainable Development (IISD) organized the session “Climate security and trade in times of multiple crises” and this session brief summarizes the key take-aways from this session.

Co-leads: Mistra & IISD

Moderator: Nathalie Bernasconi-Osterwalder, Vice-President, Global Strategies and Managing Director, Europe IISD

Rapporteur: Antoine Oger, Head of Global Challenges and SDGs Team, IEEP

Keynote Speakers:

- Henrik Carlsen, Senior Research Fellow SEI and Co-Director Mistra Geopolitics
- Ieva Baršauskaitė, Senior Policy Advisor, IISD

Panel:

- Rashid S Kaukab, International Trade, Development and Environment Expert
- Marc Vanheukelen, former EU Ambassador Climate Diplomacy, former EU Ambassador to the WTO
- Helena Hansson, Professor of Agricultural and Food Economics, Swedish University of Agricultural Science and Programme Director Mistra Food Futures

Key messages

- Sustainability science needs to become more geopolitically relevant. Stability and security are preconditions for sustainability. Geopolitical tensions and related political shifts in the climate context are complex and need to be understood for effective collective climate action.
- The multilateral trade system, as we know it, is being deconstructed. Concepts and rules therefore need to be re-evaluated to design a fair and effective trade system that does not leave some parts of the world behind while it advances sustainable development.
- The EU should make sure that agreements for critical raw materials necessary for the green transition do not become tools for colonization.
- A huge part of the world's population still faces poverty, hunger and disease and at the same time will be hit hardest by climate change. Global development and prosperity are the biggest challenges when we address climate and trade issues and regulations.
- The current geopolitical landscape and climate change together challenge the transition to a sustainable food system. Strategies and regulation in climate and trade issues need to be developed to ensure that we can reach a "net-zero" food system, maintain food safety and build "food preparedness", simultaneously.

The geopolitical situation and power relations in the global arena are changing, and tensions are growing as access to food, natural resources and energy are coming to a head. Multilateral collaboration on climate and trade is affected, and frustration is clear regarding responsibility and fairness in managing climate adaptation and climate transition, at a time when greenhouse gas emissions need to decrease drastically.

With this background in mind, driving the urgency for action, Henrik Carlsson of SEI and Mistra Geopolitics framed the Think2030 session discussion over trade and climate security by citing three important drivers for change: global environmental change, geopolitical tensions and shifts, and emerging technologies. This framing shows interconnected risks as well as opportunities – for example, can artificial intelligence or AI support sustainability? How will geopolitical tensions affect regulation of AI? Will the need for rare earth metals for renewable energy and other “green tech” create new colonial relationships? Will these tensions jeopardize progress on negotiations and progress on the environmental and climate agenda?

When it comes to climate risks and trade, many countries tend to pay attention to domestic risks instead of cross-border risks¹. EU countries have low domestic risks, but European companies are often high up the value chain and therefore have high cross-border climate risks because of their extensive imports. The EU must begin to seriously consider climate risks that originate from outside the EU.

The food system is one example of the threats and opportunities in the face of climate change and geopolitical tensions. Cross-border climate risks are a key factor to take into account in relation to the this sector. The current global as well as European and national food systems are unsustainable and the food system accounts for about a third of the greenhouse gas emissions from human activities². Striving for a sustainable food system across many levels is important to cut climate-changing emissions.

The current geopolitical situation and climate change together show that nations can no longer rely on imports for food security. With multiple crises unfolding together, the debate now tends to focus on food preparedness, food security and food storage. The debate separates these three endpoints; instead, as noted by Helena Hansson of the Swedish University of Agricultural Science and Mistra Food Futures, it should regard them as interconnected with the pathway to a sustainable food system. Regulations and strategies on climate and trade on all levels – national, EU and global – need to make sure that the transition to a sustainable food system ensures food safety and preparedness at the same time, and vice versa.

The transition to more sustainable and resilient food production is costly and will imply higher costs for both producers and consumers in a short time perspective. Panellists at the session discussed how consumers tend to choose the cheaper products that are

¹ <https://www.sei.org/publications/nordic-perspectives-transboundary-climate-risk/>

² <https://www.nature.com/articles/s43016-021-00225-9>

perhaps produced in a less sustainable way. This is a paradox the trading system must deal with. The risk is big when there are good intentions to create a climate-neutral food system in some countries or parts of the world, but at the same time actions promote the parts of the food system that are not sustainable. The same is true of many commodities – food is one example of the complexities in the trade system overall.

Participants in the Think2030 session noted that the climate crisis and the geopolitical situation change the global trade regime. It is important to create a fair and effective system for carbon pricing, as well as carbon leakage, and at the same time keep in mind that a global race for green technology risks leaving some of the world behind. In these discussions, the EU also needs to face the fact that a huge part of the world is still facing poverty, hunger and malnutrition. Therefore, development is the key challenge for a prosperous and peaceful world.

Regarding climate change and trade, the 46 least developed countries (LDC), with a population of 1.1 billion, have contributed minimally to climate change. They accounted for less than 4% of the global greenhouse gas emissions in 2019. Nevertheless, they are hit hardest by climate change. Around 69% of climate-related deaths in the past 50 years have occurred in these countries³. The LDCs share just over 1% in the global trade context⁴ but their dependence on export and growth is high. Almost 50% of their GDP is through trade⁵ and almost half of the LDCs exports consist of mineral commodities⁶ – which are and will be affected by unilateral and plurilateral actions. Accordingly, actions such as Carbon Border Adjustment need to be developed and designed with great care.

The session participants discussed how the Sustainability Development Goals (SDGs) can be an important tool to steer towards more collective and global thinking. Multilateralism is another tool in which many developing countries put their trust. Still, multilateralism, even when at its best, tends to have very slow processes. And the clock is ticking.

³ UNCTAD Least Developed Countries Report 2022 <https://unctad.org/news/unctad-sets-out-actions-support-least-developed-countries-global-low-carbon-transition>

⁴ WTO

https://www.wto.org/english/tratop_e/devel_e/trendsindcstrade_e.htm#:~:text=LDCs'%20top%20ten%20export%20markets%2C%202021&text=LDCs'%20share%20in%20world%20commercial,down%20from%200.53%25%20in%202020

⁵ World Bank <https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?locations=XL>

⁶ UNCTAD <https://unctad.org/ldc2022>

About Think2030

Launched by IEEP and its partners in 2018, Think2030 is an evidence-based, non-partisan platform of leading policy experts from European think tanks, civil society, the private sector and local authorities.

By focusing on producing relevant, timely and concrete policy recommendations, Think2030's key objective is to identify science-policy solutions for a more sustainable Europe.

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