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**T7 Task Force Climate and Environment**

**POLICY BRIEF**

# REFORM SUBSIDIES HARMFUL TO NATURE

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# Executive Summary

G7 countries are actively working to repurpose agricultural subsidies to reduce unintended effects on nature (across climate, biodiversity and lands impacts). The G7 has a key role to play on agricultural subsidies discussions in the World Trade Organization. At the WTO and elsewhere, the G7 should move to replace subsidies harmful to nature with incentives that increase agricultural resilience while benefiting the natural environment.

# Challenge

Subsidy reform represents the single biggest opportunity to close the biodiversity funding gap. Nearly US\$ 542 billion is spent each year on agricultural, fisheries, and forestry subsidies that are harmful to nature. Reforming subsidies, especially those considered most harmful to biodiversity, to incentivize more sustainable practices would increase agricultural resilience, which would improve food security, benefit nature and mitigate climate change.

# Proposals

Subsidy reform negotiations are currently ongoing in the World Trade Organization. A common position from the G7 will help conclude these negotiations with successful outcomes for nature. The G7 should reaffirm their commitment, as set out in last year's trade and environment communiqués to conclude subsidy negotiations rapidly with an aim to replace agricultural, fisheries and forestry subsidies harmful to nature with those that increase agricultural resilience and benefit nature.

# Implementation

The most recent G7 Communique, while referencing the need for fossil fuel and fisheries subsidy reform, does not explicitly reference agricultural subsidies. The G7 nations are responsible with other OECD nations for spending at least US\$400 billion per year in public support for agriculture. A number of G7 nations – including the UK, the US, Germany, Canada, and France – have begun to take steps to reform their public support for agriculture to achieve better outcomes for farmers, climate, and the natural environment.

For example, in the UK, the proposed Environment Land Management Scheme will reward farmers for greater adoption of environmental practices, as well as assign more public funds to agricultural research and innovation. In the US, farmers have increasingly been adopting conservation practices. The Biden Administration is pushing forward to enable even higher adoption, while also focusing on equity and inclusion in cost-sharing conservation programs for agriculture and forestry, establishing significant new packages of incentives with which to reward farmers for greater adoption of better agricultural practices, intended to increase soil carbon. Ambitious subsidy reform in G7 countries – aimed at GHG emissions reductions, nature protection, and improved environmental management – will in turn be fairer for developing nations, creating the space for them to adopt more sustainable practices while supplying commodities that can still compete. The G7 nations also have the capacity to support developing countries and their small-scale producers in a transition to more climate-friendly and sustainable practices.

# About the Authors

## Jack Bobo – The Nature Conservancy



Jack Bobo is director of Global Food and Water Policy at The Nature Conservancy. He previously served as CEO of Futurity, a food foresight company and is the author of the 2021 book 'Why smart people make bad food choices.' Recognized by Scientific American in 2015 as one of the 100 most influential people in biotechnology, Jack is a global thought leader who has delivered more than 500 speeches in 50 countries on the future of food. He previously served as the Chief Communications Officer and Senior Vice President for Global Policy and Government Affairs at Intrexon Corporation. Prior to joining Intrexon, Jack worked at the U.S. Department of State for thirteen years as a senior advisor for global food policy. An attorney with a scientific background, Jack received from Indiana University a J.D., M.S. in Environmental Science, B.S. in biology and B.A. in psychology and chemistry.

## Robert Tansey – The Nature Conservancy



Bob Tansey is Senior Policy Advisor, China, as well as Global Policy Lead for Degraded Lands and Restoration at The Nature Conservancy. He has been with TNC for 12-plus years. In his China role, he co-coordinator for the special policy study on managing river basins in the time of climate change of the China Council for International Cooperation on Environment and Development, as well as advisor to a CCICED study on the food system. Globally, Bob is engaged as TNC's international policy lead for Regenerative Food Systems and Foodscapes, working across Conferences of the Parties of the UN Conventions on Biodiversity, Climate, and Combating Drought & Desertification, as well as the World Conservation Congress, the UN Food Systems Summit and its follow-on actions and the UN Decade for Ecosystems Restoration. He leads TNC's engagement with the UN Food and Agriculture Organization, the International Fund for Agricultural Development, and the World Food Programme.



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