

Virtual Water Trade and International Trade Law

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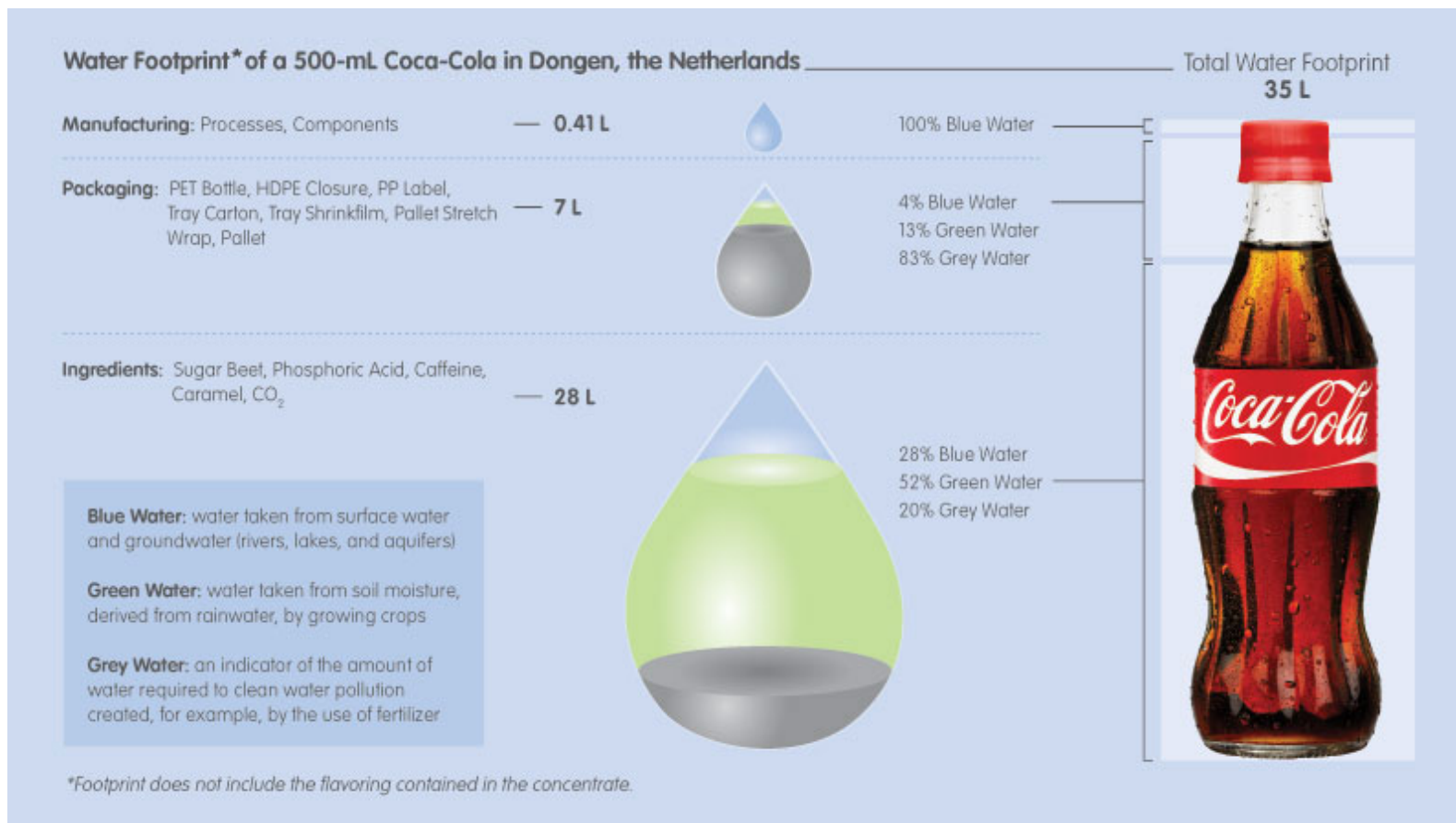
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Basic concepts

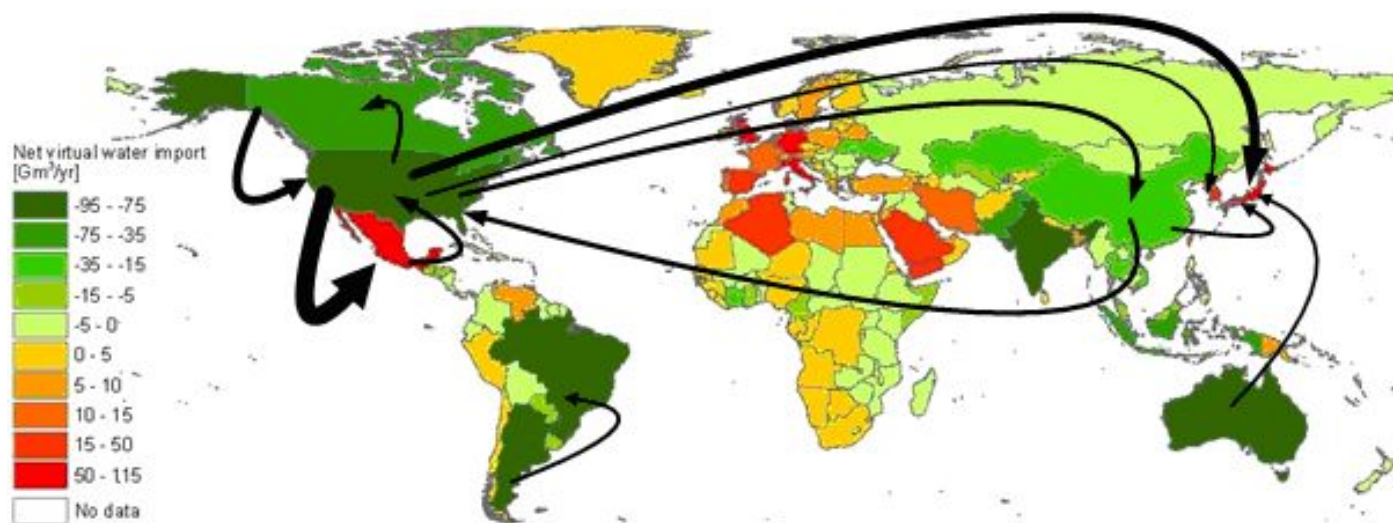
- (1) The “virtual water trade” concept (T. Allan)
- (2) The “water footprint” concept (A. Hoekstra)
 - A product → international trade law
 - 1 sheet of A4-paper (80 g/m²) 10 l.
 - 1 cup of coffee (125 ml) 140 l.
 - 1 kg of beef 16000 l.
- (3) Blue, green and grey water footprint (M. Falkenmark)

Basic concepts

- (4.a) Link with the comparative advantage theory (D. Wichelns)
- (4.b) The “global water saving” concept T. Oki & S. Kanae)
- The theory of “global water savings” through international trade law is not free from criticism:
 - Truncation problem
 - Water footprint of transport



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Source: Mekonnen and Hoekstra, 2011

International trade law issues

(1) Irrigation subsidies

-AoA - Annex 2.2(g): “green box”

(2) Water footprint process and production methods (ppms)

-Dispute settlement cases

(3) Water footprint labelling

-TBT Agreement

(1) Irrigation subsidies and AoA

Problems

- (1) A lack of transparency (no specific databases); only a small amount of irrigation subsidies is notified;
- (2) Notifications are lagging years behind; no incentives/sanctions concerning notifications;
- (3) Irrigation subsidies are “green boxed” but the green box criteria are not met in many cases;

Solutions

- G-20 Proposal: Create a Sub-Committee on Agriculture for Monitoring and Surveillance (M&S);
- Create irrigation subsidy databases (transparency);
- Impose timely notifications and effective surveillance;
- African Group Proposal: Exclude irrigation subsidies from green box but S&D for DCs and LDCs <> Impact on food prices / climate change adaptation;
- Only environmentally-beneficial irrigation subsidies should be “green boxed” <> Criteria?

(2) Water footprint and process and production methods (PPMs)

- GATT – NPR-PPMs are still not accepted but the door is left open.
- Question: would it be recommendable to allow a distinction between otherwise “like” products on the basis of their water footprint?
- Benefits: Contribution to “global water savings” and more sustainable production methods.
- Downsides: multiplication of tariff lines; difficult and costly to control; disguised protectionism; high compliance costs (especially burdensome for DCs and LDCs).

(3) Water footprint labelling

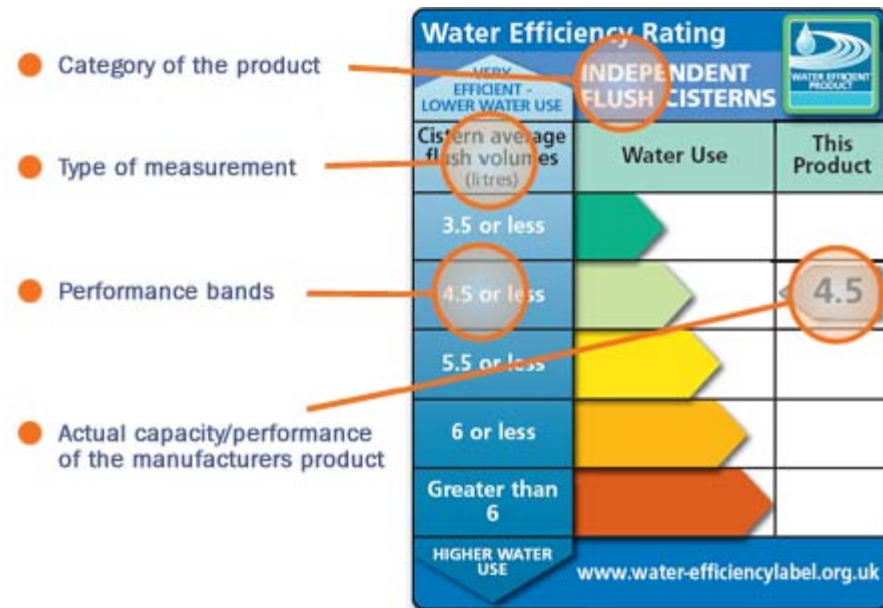
-TBT Agreement

- 2 types of labelling schemes → technical regulations (art. 2 and 3 TBT) and standards (art. 4 and Annex 3 TBT).
- 3 types of issuing bodies → central government bodies, local government bodies and non-governmental bodies.

Private voluntary water footprint labelling



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© Water Label

- Private voluntary water footprint labelling can make an important contribution to the common goal of “global water savings”.
- Question: does the TBT regulates private voluntary labelling?
- Def. of a non-governmental body (Annex I, 8 TBT): “*Body other than a central government body or a local government body, including a non-governmental body which has legal power to enforce a technical regulation.*”
- Question: should the TBT regulate private voluntary labelling?

Thank you for your attention!