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COP26's Dilemma: Sustainability vs Food Security?

By Jose M.L. Montesclaros

SYNOPSIS

Ironically, amidst the push to "phase down" coal reliance, the world is seeing a "coal crunch" of rising coal/energy prices, with serious implications on fertilisers and food. Countries pursuing sustainability initiatives ignore these trade-offs at their own peril.

COMMENTARY

IN SEPTEMBER 2021, China's National Development and Reform Commission issued a <u>WeChat</u> statement, encouraging "all localities... in ensuring the supply and price stability of domestic fertilisers in the coming period". This came amidst China's "<u>coal crunch</u>" of rising coal prices, which started to affect fertiliser supplies. The "crunch" has since spread to other countries within the region, including <u>India</u> and <u>Indonesia</u>. On 16March 2022, for instance, the Philippines' Energy Secretary, warned consumers to <u>brace</u> for higher electricity prices.

This increase in coal prices, which represents growing demand for coal relative to supplies, comes as ironical in light of the recent 26th UN Conference of Parties (COP26) in November 2021 which envisioned a "phasing down" of coal reliance. Data from the International Energy Agency shows that the utilisation of coal for electricity purposes increased by 9% in 2021, outpacing demand for low-carbon sources. As countries pursue sustainable objectives to mitigate the "crunch's" impacts, there are perils of hastily pursuing green transitions, with a focus on food security implications.

Sri Lanka's "False Start" in Going Green

Sri Lanka presents a cautionary tale in hastily sprinting towards sustainability objectives. Rather than focusing on increasing use of renewable energy sources, the country sought to reduce its reliance on chemical fertilisers, and become the world's

first completely organic farming nation in 2019. Towards this end, it banned the import of chemical fertilisers, pesticides and herbicides in April 2021.

In theory, such an approach would alleviate demand for chemical fertilisers which are linked to coal, and also align with the ideals of the <u>United Nations Framework Convention on Climate Change</u> of alleviating "nitrogen pollution" from the overuse of chemical fertilisers. In contrast, Sri Lanka faced a "food emergency" from failed crops and higher food prices, and ultimately, abandoned its policy in <u>November</u> 2021, after just seven months.

The problem lay in the process of transition towards purely organic farming. A survey by Sri Lanka-based think-tank, <u>Veritate Research</u>, showed that 91% of farmers relied on chemical fertilisers for crop like rice, rubber/tea, other cereals, fruits and coconuts. By mid-2021, 44% of farmers experienced declines in harvests, and 85% expected reductions in future harvests. This came as a result of insufficient knowledge of correct methods of using alternatives to chemical fertilisers, which only 20% of farmers surveyed declaring having.

To make matters worse, these outcomes coincided with the economic fallout from COVID-19. The country was facing a <u>foreign exchange crisis</u>, and fears of having insufficient currency reserves to import basic goods like food and medicine, causing further food price inflation. These were conditions surrounding Sri Lanka's "false start" in its sprint towards organic agriculture. In fact, in January 2022, it agreed to pay over US\$200 million in compensation to farmers whose crops failed.

India: Food Trade-Offs to Clean Energy Pursuit

Sri Lanka's tale can serve as a warning to other countries, to "look first before jumping" into the sustainability bandwagon, since there are inherent trade-offs which need to be addressed through careful planning.

This is relevant to India, which has aimed to be a net-zero country in carbon emissions by 2070. During a post-budget webinar, Prime Minister Modi shared that shifting towards renewable energy sources was indispensable to sustainable growth. Towards this end, India plans to double its production capacity for ethanol by 2025, as a renewable energy source that takes the place of coal.

Again, in theory, this initiative aligns with the COP26 push towards renewable energy sources, while also helping the country to save on crude, and boosting farmers' incomes from ethanol-related cash crops. India should tread carefully, however, since ethanol production utilises grains like rice and corn for raw materials.

Given that cropland, water, and crop supplies are limited, the ethanol push comes with potential food security trade-offs, as it could divert away from food consumption.

Additionally, the government plans on providing financial incentives to food producers who seek to make this transition. Some argue that such resources are better leveraged to increase food subsidies to make food affordable, in a country which is still struggling to lift a fairly large share of its population – about 15% – from undernourishment.

Balancing Food Security and Sustainability Objectives

The pursuit of sustainability objectives, of reducing carbon emissions and chemical fertiliser overuse, is in itself not a bad thing. In fact, a quick transition away from oil may be even more needed in the coming months, as the world may see an even tighter "crunch" in international markets owing to the invasion of Ukraine in late-February 2022.

Yet, the road towards sustainability needs to be tread carefully, as shown by Sri Lanka's failure and policy-reversal in becoming a purely organic farming country, and India's much-debated push for increasing ethanol production. It is thus important for countries today to better understand the complexities surrounding such initiatives, before rushing towards them with big, public, policy statements.

Sustainability objectives do not exist in a vacuum, but rather, within social and economic realities where there are trade-offs to their pursuit.

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