

Organised by: Global Commission on the Economics of Water

Session Type: Panel Discussions

Session Title

“Virtual Water Crisis”: Rethinking Agricultural Trade and the Future of Water Resources - New insights from the Global Commission on the Economics of Water

Session Description

A new report by the Global Commission on the Economics of Water paints a stark picture for the state of the world's water resources. 55% of the world's food cultivation is in areas with declining total water storage. Furthermore, climate change and land use change are destabilising the hydrological cycle, shifting precipitation patterns – the source of all freshwater. As the principal consumer of blue water globally, agriculture exerts a major influence on the availability and sustainability of water resources. Where irrigation is prevalent, its drying impact overwhelms that of climate change. An estimated 23% of global cereal production could be lost if irrigation becomes unfeasible where total water storage declines are extreme. Additionally, agricultural expansion is driving deforestation, further destabilising the hydrological cycle. Rainfed agriculture dominates, both in terms of share of agricultural land and food production. Shifting rainfall patterns push for more efficient use of rainfall and a combination of rain and irrigation. Agricultural trade is therefore central to global water action, and “virtual water trade” can be a powerful tool for global water management: by importing water-intensive products, countries with scarce water resources can conserve their water while meeting their needs for those products. Properly designed trade agreements can cost-effectively balance virtual water trade, helping to achieve water sustainability on a global scale. However, for trade agreements to play this role, domestic and trade policies must reflect the true value of water, preventing virtual water flows from exacerbating water scarcity in exporting countries or destabilising the hydrological cycle. This panel will discuss how trade can promote economic efficiency, environmental sustainability and social justice to make water and agricultural trade mutually supportive. What are the new analytical and regulatory frameworks and political platforms needed to address the challenges that hinder reform?

Proposed Speakers and Moderator

- Jo Tyndall, Director OECD Environment Directorate, GCEW Commissioner (Moderator)
- Representative of WTO
- María Fernanda Espinosa, Former President of the UN General Assembly
- European Commission representative
- Danone representative