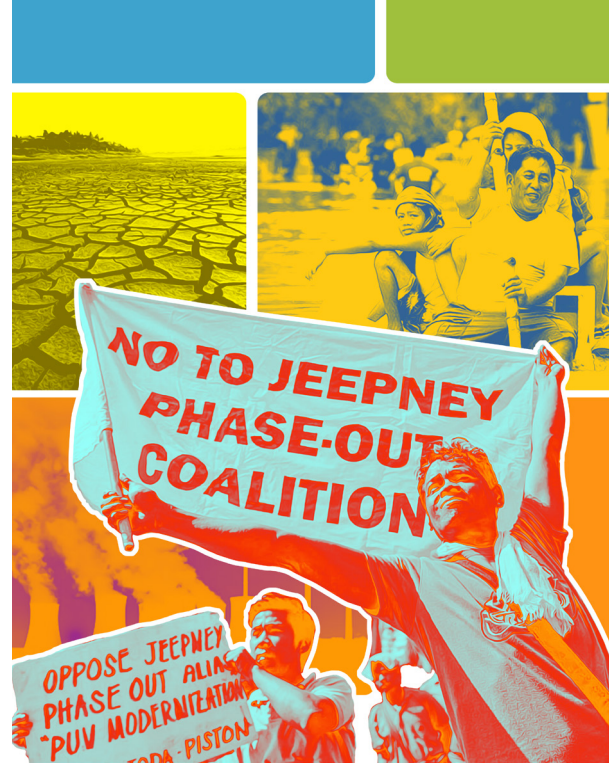




DISCUSSION PAPER

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Trade Policies and Climate Change: Challenges and Way Forward

*APRN's intervention during the PSI's Young Workers National Workshop
Manila, Philippines, August 15–16, 2024*

According to the Carbon Disclosure Project's (CDP) [2017 study](#), 100 fossil fuel companies are the source of 71% of greenhouse gas (GHG) emissions. The World Economic Forum in 2022 reiterated that 81% of global energy systems are [based on fossil fuels](#). In a 2022 [article](#) by United Nations Human Rights, climate change disproportionately affects marginalized sectors from least developed countries—indigenous peoples, children, and women—forcing them to migrate. There are thousands of extractive mining operations in Benguet Province, Philippines. However, this contributed only 0.6% to the Philippines' GDP back in 2020, and the contribution to employment was only 0.5% in the same year.^[1] China, the US, and the EU account for [over 40% of global GHG emissions](#). Meanwhile, the bottom 100 countries only contribute around 2.9%.

Why are these important? These figures highlight the gross inequality between the Global North and South—a systemic injustice legitimized through trade and economic policies. These policies dictate almost all of the givens in

¹ From APRN's "Towards a Pro-people Economy and Trade Agenda: Research Papers from the Conference on Free Trade Agreements in the Asia Pacific, Alternatives to Neoliberal Mining from the Perspective of Indigenous People in Benguet Province, Philippines"

our lives, such as whether we could afford basic commodities, whether social services are accessible, whether corporations' profits can take precedence over the people's welfare, whether just transition can be truly just, and whether genuine climate justice is possible. We have to acknowledge that our current deplorable conditions did not start yesterday or only during the pandemic. It was incrementally set in place decades ago through loan conditionalities, structural adjustment programs, and neoliberal impositions by international financial institutions (IFIs), all of which are facilitated by global superpowers.[2][3][4][5]

To effectively address current challenges with skewed trade policies and their implications in our current climate crisis, we must look at the roots of the problem. We will look into three different trade and economic policies and their implications on the people and the environment.

The Asian Development Bank and the Philippines' jeepney phaseout

The Asian Development Bank (ADB) is a regional multilateral bank instituted by Japan in 1966 that channels its surplus capital to the Global South. It exports such capital in the form of official development assistance (ODA) and other financial instruments, such as loans for development projects. With sustainable transportation being part of ADB's operational priorities, it has been allocating billions towards this end. Much has been said regarding the negative impacts of IFIs' aid conditionalities, particularly ADB's.

The Philippines, for example, is one of the biggest borrowers from the ADB. In fact, in 2023, Japan allocated a USD ten billion "climate finance" fund for the Philippines to implement various initiatives to combat climate change, including "low-carbon" transport programs. However, top-down transport modernization initiatives in the Philippines have been taking shape years prior. The ADB Project 55268, under their Climate Change Action Program, financially supported the Philippines' Department of Energy (DOE) to achieve the country's Nationally Determined Contributions (NDCs) to reducing GHG emissions through the Energy Efficiency & Conservation Act (R.A. 11285).

2 <https://link.springer.com/article/10.1057/s41268-022-00263-1>

3 <https://www.twi-kreuzlingen.ch/wp-content/uploads/2017/12/twi-rps-001-dreher-2004-11.pdf>

4 <https://www.csis.org/analysis/international-financial-institutions-era-great-power-competition>

5 <https://pubmed.ncbi.nlm.nih.gov/31515082/>

This act served as the foundation for the Philippines' Department of Transportation (DOTr), the Office of Transportation Cooperatives (OTC), and the Land Transportation Franchising and Regulatory Board (LTFRB) to implement the [Public Utility Vehicle Modernization Program \(PUVMP\)](#). The difference between the BRT and the PUVMP is that the latter is more comprehensive in scope and character. Additionally, while the BRT's transition to new vehicles is primarily funded by ADB, the PUVMP relegates the financial burden of acquiring electric vehicles to small drivers and operators. Despite the PUVMP involving Philippine government banks in loan programs to subsidize procurement costs (USD 3,200 to USD 1,575; seven years to pay with a 6% interest rate per annum), it barely makes a dent to the [price of modern vehicles](#) (over USD 24,800-USD 49,000). With such a steep price to continue their livelihood, [transport groups](#) estimate that [over 140,000 drivers and 60,000 operators](#) could potentially fall into unemployment.

If the Philippine government and ADB were truly sincere with their intentions to reduce carbon emissions, they would turn their attention on factories, plantations, corporations, and other types of vehicles, which account for 85% of GHG emissions in the Philippines. The health impact and benefit assessment of the PUVMP tag traditional jeepneys as a [“major contributor”](#) to pollution, despite making up a mere 300,000 of the 12.75 million various types of vehicles nationwide (less than 3%) and emitting less than 15.5% of the Philippines' [total recorded GHG](#).

Make no mistake, modernizing and improving essential social services, such as public transportation, is important for any society. However, it should not be at the expense of the small drivers and operators.

ADB and the Philippine Mining Act of 1995

The Philippines is the world's 5th most mineral-rich nation, with an overall total mineral reserve [valued at USD 1.387 trillion](#). In fact, around 30% of the country's total land area has high mineral potential. However, in 1985, the global financial crisis lent itself to a significant drop in the country's mineral production. The Chamber of Mines in the Philippines expressed that the crisis was due to a lack of a new mining code, poor production, and unfavorable taxation

on mining companies. The ADB was quick to echo that a new mining code will help create a good investment climate in the Philippine mining industry by opening up the economy to investors and providing them with fiscal incentives and guarantees. The ADB went on to suggest that the new code should give mining companies full access to mineral lands and resources, tax holidays, and full repatriation of profits, among others. Essentially, these were the provisions adopted by the Mining Act of 1995, which is still implemented today.

In 2016, it was also observed that the Philippines also ratified 31 bilateral investment treaties and seven free trade agreements involving Australia, Canada, China, Japan, Malaysia, South Korea, and the United Kingdom. These international investment agreements allow investors, mining companies, and financiers to sue governments at international arbitration tribunals should their profits be affected by protectionist policies.

Due to the neoliberal removal of protectionist policies, mining companies had free reign to operate in the Philippines with little to no repercussions for human rights violations, displacement of Indigenous Peoples from their communities, and environmental degradation. In 2017, it was found that the Benguet Corporation contaminated a 1.6-km stretch of river with toxic materials. In 2012, Philex Mining Corporation was involved in the largest recorded mining spill in the country. Furthermore, local farmers and even local government units reported soil and air pollution in Benguet.

This is just one area of the Philippines. There are dozens of reports of mining-related environmental disasters in other regions, and even more that go unreported. The Mining Act of 1995 has enabled mining corporations to prosper at the expense of the people and the environment.

The World Trade Organization's elimination of fisheries subsidies[6]

The World Trade Organization's (WTO) supposed function is to regulate international trade rules. One such trade policy the WTO is pushing for is the Fisheries Subsidies Agreement (FSA). The FSA seeks to eliminate all fisheries subsidies in an effort to curb overfishing brought about by illegal, unreported, and unregulated fishing (IUUF) that contribute to declining maritime fish

6 <https://www.aprnet.org/on-iuuf-and-wto-elimination-of-subsidies/>

stocks, environmental degradation, biodiversity loss, and trade distortions. And this is truly a pressing issue. There is no debate about the importance of stopping IUUF, and in reality, small-scale and artisanal fishers are even the first to assert that it must be addressed judiciously.

But this begs the question: who are the primary contributors to IUUF, and will eliminating fisheries subsidies discourage them from illegal fishing? Unfortunately, before we even begin to answer that question, the United Nations and the WTO already went ahead and adopted a framework that is so biased against small-scale and artisanal fishers, while sparing the big fishing companies or monopolies who have actually contributed much to the depletion of fish stocks and environmental damages. While these corporations only represent 15% of the global fishing industry, with their advanced technology and big fishing vessels, commercial fishing accounts for 75% of the global fish production and the exploitation of the world's marine resources. Meanwhile, small-scale and artisanal fishing, despite being pressed from every corner, constitutes the remaining 25%.

Corporations are able to increase their profit share by relying on destructive trawl fishing (bottom trawling also produces significant carbon emissions) and other overfishing practices to meet market demands—practices that the WTO benevolently neglects. Meanwhile, small fishers who catch fish for community or local consumption or even for subsistence are the ones who will suffer from the elimination of fisheries subsidies.

The reality is that small-scale fishers benefit greatly from subsidies on the construction and modernization of vessels; on the purchase of machines and equipment; on the costs of fuel, ice, and bait; on price support for caught fish; on at-sea support; and so many more. Fishing corporations from developed countries can continue their destructive trawl fishing and other illegal fishing practices; they can continue just fine without these subsidies. The WTO's push to eliminate fisheries subsidies further solidifies existing corporate monopolies on fish production.

Policy trends against the people and the environment

Aligned with the doctrine of neoliberal expansion, we are seeing IFIs, global superpowers, and national governments justifying their market-driven,

profit-oriented, and corporate-captured trade policies by labeling them as part of the [just transition](#) campaign. They claim to support just transition, but we see it as **just transition with conditionalities**. It is a transition that **puts the burden on the people**. So where is the “just” in just transition when even the supposed benefits of these policies are only enjoyed by powerholders?

We must also remember to hold our own governments accountable for entering into onerous loans and their shortsighted approach to development. Regardless whether their intentions are honest or malicious, at the end of the day, it is us, the people and the environment, who suffer from their governance.

Despite the seemingly endless challenges, we should not fall into despair. The just transition conversation is relatively new and thus offers space for civil society organizations (CSOs) and people’s organizations (POs) to draw the line; a lot of space to forward our alternatives; and most importantly, to reiterate how just transition must be.

Ways forward

The powers-that-be hide exploitative and destructive policies behind a big green label; therefore, it is our responsibility to expose these programs. To that end, there is a dire need for CSOs, POs, and trade unions to further sharpen our research work. We must use a data-driven and evidence-backed approach to inform our public campaigns and policy action. This will help us not fall prey to false climate and labor solutions. **Let us build our own capacities.**

Furthermore, research must never be monopolized by major thinktanks, corporations, universities, and governments. APRN believes that people from the ground are fully capable of conducting their own research to advance their interests. Indeed, they are more knowledgeable about the issues we have mentioned because they are the ones who struggle against these experiences every day. They are not aware that they are already conducting research when they calculate their household or community expenses, comparing their quality of life before and after certain policies, discussing policy impacts and alternatives with fellow community members, and many more. People’s research is a liberating and empowering process; let us not deprive the people from this endeavor. **Let us further build our communities’ research capacity.**

We must not be satisfied with simply having our research peer-reviewed or published. Our papers lose meaning when they just collect dust on our shelves. These papers should be popularized and distributed to the broadest audience possible. At the very least, it should reach the groups who stand to benefit the most from these data. **Let us turn our research into action.**

Why is it important for our research to translate into policy action? Because the laws and policies that serve as the mainstream rules of our society can be influenced by our efforts. History has shown that effective policy action can help shape policies to better reflect our interests. So let us exhaust all channels to push for a genuine just transition—engage in dialogues with other stakeholders, engage in policy arenas, lobby, educate, and protest.

All the while, let us recognize that movement building is crucial. A single trade union cannot win the entire labor rights struggle. It takes each and every one of us contributing, participating, researching, studying, and uniting to bring about genuine social change. That said, if you are an individual, join organizations. If you are a worker, join trade unions. If you are already a member of trade unions, invite your co-workers to join. If you're an organization or a trade union, join like-minded networks and alliances. If you are a network or an alliance, work with other sectors. Make no mistake, IFIs, global superpowers, corporations, and national governments are working together; thus, we must work twice as hard to unite our ranks towards building the future we desire.



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