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Exporting Extinction: The Global Political Economy of Biodiversity Loss

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Lynn Fries: Hello and welcome. I'm Lynn Fries, producer of Global Political Economy, or GPEnewsdocs. Today's segment is about the report, *Exporting Extinction, How the International Financial System Constrains Biodiverse Futures.* The report was published by the Climate and Community Project, the Center for Climate Justice at the University of British Columbia, and the Third World Network.

More specifically, today's segment features clips[1] from the webinar launch of that report. As per the webinar title, the focus of discussion was on quote: Placing the Biodiversity Crisis in the Global Economy, From Extraction and Extinction to Vibrant Futures. By way of a glimpse into what was an extended discussion, three clips are featured. The first clip provides introductory comments and context on the *Exporting Extinction* report and its significance in revealing the global political economy of the biodiversity crisis. The second clip digs into the report itself with a presentation by its lead researcher. The third clip provides further perspective on why governments in the global south have routinely failed to achieve biodiversity goals and what can be done about it. We go now to our featured clips.

Thea Riofrancos: So I think the first thing to say, as we as advocates and scholars and activists focus our attention on the climate crisis is how deeply related the climate and biodiversity crises are. And one of the reasons that they're related is that their root causes are the same. They both issue from unsustainable levels of resource extraction, whether that's industrial scale agriculture, mining <or> oil, gas and coal extraction as well as unsustainable land use patterns and deforestation. So those are the underlying causes of both the climate crisis and the biodiversity crisis which themselves interact and exacerbate one another.
But this raises the key question: What causes unsustainable levels of extraction and unsustainable land use patterns? I think a short and easy and broadly correct answer is global

[1] Video courtesy UBC Centre for Climate and Justice. Edited by GPEnewsdocs for brevity and clarity.

capitalism and an unequal world system. Those are correct answers to that question but I think, you know, as I tell my students, like, let's be more specific. Like what is it about global capitalism and about an unequal world order that drives unsustainable patterns of land use and really frightening levels of biodiversity loss? And so what this report does and what I think is so important about it is that it digs into what we might call the global political economy of biodiversity loss. Because it turns out that it's financial mechanisms, it's trade mechanisms, it's the monetary system that really do put especially global South governments in positions of adopting unsustainable patterns of extraction and unsustainable development models.

Jess Dempsey: So as Thea said, this research report really takes on a serious question that I think many of you in this room are interested in and actively engaged in. Why do decades of decisions and targets to address ecological degradation and biodiversity loss fail?
The world's foremost experts on biodiversity and ecosystem change gathered around the IPCC of biodiversity, the lesser known IPBES, concluded in 2019 that this is because biodiversity efforts haven't really tackled underlying or root drivers of biodiversity loss.
As researchers and analysts, we need to sharpen our understanding of those root drivers. And as Thea already gestured to, we need to do this with some specificity. So, how to study these kind of root drivers? There are many, many ways.

Our approach for this study began from the science that shows, as also Thea said, biodiversity loss is caused by extraction including from mining, oil and gas, forestry, and industrial agriculture. These are the direct drivers. In an attempt to really get at these root causes with more specificity, we then asked what prevents countries from stopping or altering the extraction that imperils biodiversity? Also a big question. And because so many of the costs and benefits from these extractive activities are unevenly distributed in a formation, Latin American movements and scholars term extractivism, we also wanted to explore what holds this formation in place, again with some specificity. So we made this manageable by drilling into understanding one sector known to directly drive biodiversity loss in each of our case study countries.

I'm going to look at one key figure that really summarizes our research findings. It is, of course, an iceberg inspired by the late, great Maria Mies. Above the waterline are these drivers of biodiversity loss, the extraction. In the sort of meso section there, we have these things states are doing to support those direct drivers, which are substantial and entirely contra biodiversity targets. In all five of our case studies, we see that governments continue to approve, subsidize, and expand the extractive developments that erode biodiversity. Now, clearly domestic political agendas play a role, including elite and regulatory capture; clearly explain part of what perpetuates these ongoing decisions. But our research report shows that governments are also structurally incentivized to maintain and expand these sectors by the pressures of the international financial system to maintain invest ability, earn foreign exchange and to comply with international financial institutions that manage economic crises. They do all of this in part because to do otherwise would risk financial stability within a highly unequal international political economic system in which many states already struggle to pay for basic imports and services. Our study results are specific to the countries we studied but it is well known that these dynamics affect many countries across the globe. Across the Global South for decades scholars have described global South states as subordinate in the international financial system. That is, they're structurally disadvantaged facing ongoing economic instability and subject to constant threat of capital flight, loan defaults and shocks based on changes to commodity prices and monetary policy decisions made far away elsewhere. So our research really shows how this subordination generates strong incentives to expand and deepen industries most in conflict with country's environmental objectives. These structures and the unequal pressures they exert therefore represent a significant underlying driver of biodiversity loss.

In conclusion, only international efforts to address these conflicting priorities undertaken in the spirit of solidarity and collective responsibility will be able to transform these structures and make viable the path towards ecological stability. How we do this is another question, but that's part of why we're here today to begin to discuss.

Fadhel Kaboub: Congratulations on publishing this important report. I'm going to go ahead and directly build on what's been said already. I'll put it in one key sentence and then I'll unpack it. A lot of the discussion today in the climate space is about decarbonizing, decarbonize this and decarbonize that. And what I want to say is the following: We can't decarbonize a system that hasn't been structurally and economically decolonized yet.
And what I mean by that, we're talking about a global economic architecture from a Global South perspective that was not designed by us, not designed for us. So it can't be the same economic architecture that will deliver justice or equity or sustainability for us.
So this global economic architecture, you can think of it as four basic pillars. The first one of them is the international financial architecture. That's the World Bank and the IMF both designed during colonial times, by the way. Number two, you can think of the rules – two and three – the rules of international trade and international investment. And that is primarily the WTO. And that's really the biggest blind spot in a lot of these conversations is about the rules of international trade and investment when it comes to extractivism and as a result, the loss of biodiversity. And then finally, it's the international taxation architecture. And that process has been in the hands of the OECD countries for the longest time. Until last November, when we managed to get a vote in the U. N. to finally move that into a U. N. tax convention and that's a process that's ongoing. So that's a process of decolonizing the international taxation system. We still need to struggle to decolonize the international trade and investment architecture and the international financial architecture. So the design of this system imposed a particular role on the Global South. And that can be summarized in three major points.

Number one, we're supposed to be the place for cheap raw materials. And that's where the extractivism is; cheap raw materials for the industrialized world. Number two, we're supposed to be the consumers of industrial output from the Global North and technology from the Global North. And number three, and most importantly, we're supposed to be the place where obsolete technologies, assembly line manufacturing that is no longer needed in the Global North is outsourced to us under the label of development and job creation and partnership and all of that. And that's really, what locks us at the bottom of the global value chain. And now I'll give you one key statistic about where we are in terms of this extractive international economic system. If you divide the world into Global North and Global South and net out all global financial transactions, trade, investments, exports, imports, interest payments, debt relief, climate finance included, illicit financial flows, everything, the net amount is two trillion dollars moving from the global south to the global north. That's an annual number. And that number has been accelerating over the last few years. That is, if we don't change anything about the global economic architecture, if we don't decolonize it, that number will be four or five, who knows, 10 trillion dollars a year in the future. And that is clearly unsustainable, has been unsustainable.

So the question now is: How does this work on a country by country basis? And I'll give you a few examples from the African continent just to show you the extractive nature of the economic system and how it affects biodiversity in particular through the extractive industry and agriculture in particular. So you have three major structural deficiencies that kind of are under the surface because everybody's focused on the external debt as the visible kind of indicator of this extractivism. Yes, external debt is extremely important, and many countries in the Global South are facing a significant debt crisis as we speak. But it's actually a symptom of deeper structural issues that I can summarize in three points.

Number one, it's food deficits. Believe it or not, the African continent today -which used to be the breadbasket for the Global North less than 100 years ago – today Africa imports 85 percent of its food. Not by accident, by design. It's the design of the rules of international trade that immediately, as soon as African countries started to gain independence, we started seeing heavy agricultural subsidies in the Global North. You have the European Union Common Agricultural Policy (CAP). You have heavy agricultural subsidies in the US, Canada, Australia, Japan, and the former Soviet Union to prioritize the food sovereignty in the Global North. That is producing core crops – wheat, corn, rice, barley, and so on – and to outsource the production of the cash crops to the Global South. That is large scale industrial production for cash crops. That's the concept of food security that was imposed on the Global South at the time. And that is a key component of the loss of biodiversity. Not simply because it's industrial agriculture but because the farmers in the Global South had to move away from producing their native crops, such as wheat and corn and rice and so on. Because it's subsidized in the North and it's cheaper to import. And they couldn't compete with that. So they had to produce cash crops for exports. And as soon as you start producing for exports, you have to use non-native seeds to serve the taste of your customers in the Global North. And you have to use more fertilizers because these seeds are not acclimated to your soil, to your environment. And you have to use pesticides so whatever you're producing can survive the journey all the way to a supermarket in the Global North. You do that for a few decades and you just burn the fertility of your soil. Your yields start to go down and now you have to double down on using more potent seeds, more potent fertilizers and pesticides. And that is the ecological and economic devastation that we have in the Global South that needs to be reversed via strategic investments and food sovereignty and agroecology and restructuring of the global international trade rules that govern the food system, for example.

The second structural deficiency is energy deficits. And believe it or not, on the African continent, our largest exporter of oil, Nigeria, today imports 100 percent of its gasoline from international markets. Angola imports 80 percent of its fuel from international markets. And again, that is by design, not by accident. And the devastation of the oil industry in a country like Nigeria alone can simply, there are no words to describe what's happening to the ecosystem, to people who can't survive past the age of 45 in Nigeria and beyond that.
Then finally, the third structural deficiency is the fact that we've been forced to specialize in a kind of manufacturing that forces you to import the machine, import the intermediate components to assemble with low cost labor, import the fuel to power the factories and even import the packaging. So you end up with the manufacturing base that exports low value added content and imports high value added content. So you can double, triple, quadruple your exports. You're always locked at the bottom of the value chain. Now, here's how it comes together. Those three structural deficits – food, energy, and manufacturing – produce an annual structural deficit which lowers or weakens your currency relative to the dollar or to the euro which makes everything you import the next morning more expensive. So if you're importing food or fuel or medicine, that immediately forces governments in the Global South into a defensive position using band aids and completely rewiring their own economic policy against biodiversity.

And here's how it happens. If you have to face that weaker currency, you have to do immediately two things. Number one, we subsidize food and fuel to protect the most vulnerable. And that is an important band aid solution in the short run, but it's not sustainable in the long run. Number two, we ask our central bankers to please stabilize the exchange rate. They do that by borrowing more dollars and feeding the external debt. And now because you have external debt because you have debt denominated in dollars to pay, you know, every quarter essentially the one thing you have to do immediately is completely rewire your economy to prioritize any economic activity that will earn you dollars so you can pay the debt on time. I'll give you one example, Ethiopia. Ethiopia today, the third largest source of export revenues after Ethiopian Airlines and after coffee – which is another cash crop – is cut flowers for Valentine's. One of the biggest exporters of flowers Ethiopia today, at the same time, has 20 million people who are dependent on food aid from abroad. That is the biggest misallocation of resources. And that's a country that's blessed with fertile soil and water resources from the Nile River and so on. And Ethiopia is not unique. All of our countries are rewired, have rewired their economies to prioritize exports. Anything that will generate revenues, and that is the biggest loss of biodiversity in a country like Ethiopia, in a country like Kenya, and, and beyond.

I'll give you a second example. You rewire your economy to promote tourism. I mean, why not tourism? You have millions of people coming in, bringing dollars. You have jobs created in the hotels and entertainment industry. Except when you don't have food sovereignty, when you don't have energy sovereignty and you bring 5 million tourists, you have to feed them. So you have to import more food that you don't have domestically. You have to transport them, heat and cool the hotel. So you have to import more fuel that you don't have.

So it completely drives you deeper into these structural traps that have colonial origins that have been enforced through post-colonial systems and can only be eliminated by strategic investments in three areas. Number one, food sovereignty and agroecology. And that can be done in some cases at the national level and other cases needs to be regional South-South cooperation with Global North cooperation. Why not? Number two, strategic investments in renewable energy sovereignty which is Africa's biggest potential. For example, according to the International Energy Agency report from last year, Africa today, with existing technology, can produce 1, 000 times its energy needs, 1, 000 times. And not just for Africa, but for the rest of the world. Number three, strategic investments in a different kind of industrialization that allows the Global South to escape the bottom of the value chain.

And again, none of that will happen country by country. It needs to happen via South-South cooperation, with South-North solidarity and cooperation because we're all in this structural. problem. And we're all destroying the ecosystem that is the lifeblood of, of the economy, of society, of everything we are fighting for. So that makes Global South unity and solidarity not just a nice, fluffy thing we say to each other in nice meetings, but a geopolitical and economic imperative. And that needs to be understood by not just civil society and think tanks but at the highest level of political decision making in the Global South which means forming regional blocks that have complementarity of resources and capabilities.
And have enough of a geopolitical weight to force joint ventures, to force transfer of technology, which has been the main impediment for industrialization from the Global North. And if the Global North is not willing, there are other options today, which is China. China, for example, has the entire value chain of manufacturing renewable energy infrastructure. So, is there an opportunity for joint ventures, repositioning of the Global South via the G77 plus China group in order to change the balance of power, change the geopolitical game with the Global North because at the end of the day this is a question of power.

LF: We're going to have to leave it there. The *Exporting Extinction* report is available on the websites of all the respective publishers. So that's the Climate and Community project, the Center for Climate Justice at UBC i.e. University of British Columbia and the Third World Network. A recap of all the panelist presentations and a link to the full unedited webinar video is posted at the University of British Columbia website at climatejustice.ubc. ca under the title: *Placing the Biodiversity Crisis in the Global Economy.*

Many thanks to the researchers, authors, and publishers of this report and all webinar panelists and thank you for joining us.

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