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A Proposal for an International Virtual Water Trading Council
*building institutional frameworks at international level
to reduce poverty*

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South Australia

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**Comparative Water
Policies and Laws**

Ethical Dimensions Of Water



“Water allocation whether it be real or virtual is an ethical issue for the modern world and we should be endeavouring in the international community to ensure that every human can have their basic water needs met.”

Gleick, 1996



Water - Real and Virtual - Needs to be Managed



The use of real water in the society and the possible replacement of this by imported water

If a country imports some food it can replace the real water it uses to grow that food and hence improve sanitation and hygiene.





Explicit Process to Achieve Substitution



Looking for appropriate substitution and domestic measures to use saved water for sanitation and water supply purposes.





The Labour in Carrying Water



- 1st Priority - ensure that sanitation services are provided to all residents of all exporters out of **Blue Water** resources in the national state.
- 2nd priority - would be to use the **Blue Water** for environmental protection and production with **Green Water** resources.



Blue and Green Water Distinction

- **Blue Water** = Generally Ground and Surface Water the one that can be used to provide hygiene services.

Two types of Green Water

- **Green Water from rain** = in soil, **Green Water** is the volume of water taken up by plants from the soil. Generally, **Green Water** originates from unfiltered rainwater.
- **Green Water from Irrigation** with **Blue Water**

Blue Water has higher opportunity costs than **Green Water** as it can be used to provide sanitation.



Saved Blue Water is the Key



- **Blue Water** saved by the importer can be used for hygiene services
- The exporter must not be exporting all of its **Blue Water**

<p>Export of Blue water <i>Limit on blue water exported</i></p>	<p>Import of Blue Water <i>Save own blue water</i></p>
<p>Export of Green Water <i>Saves blue water for domestic use</i></p>	<p>Import of Green Water <i>Saves blue water for domestic use</i></p>

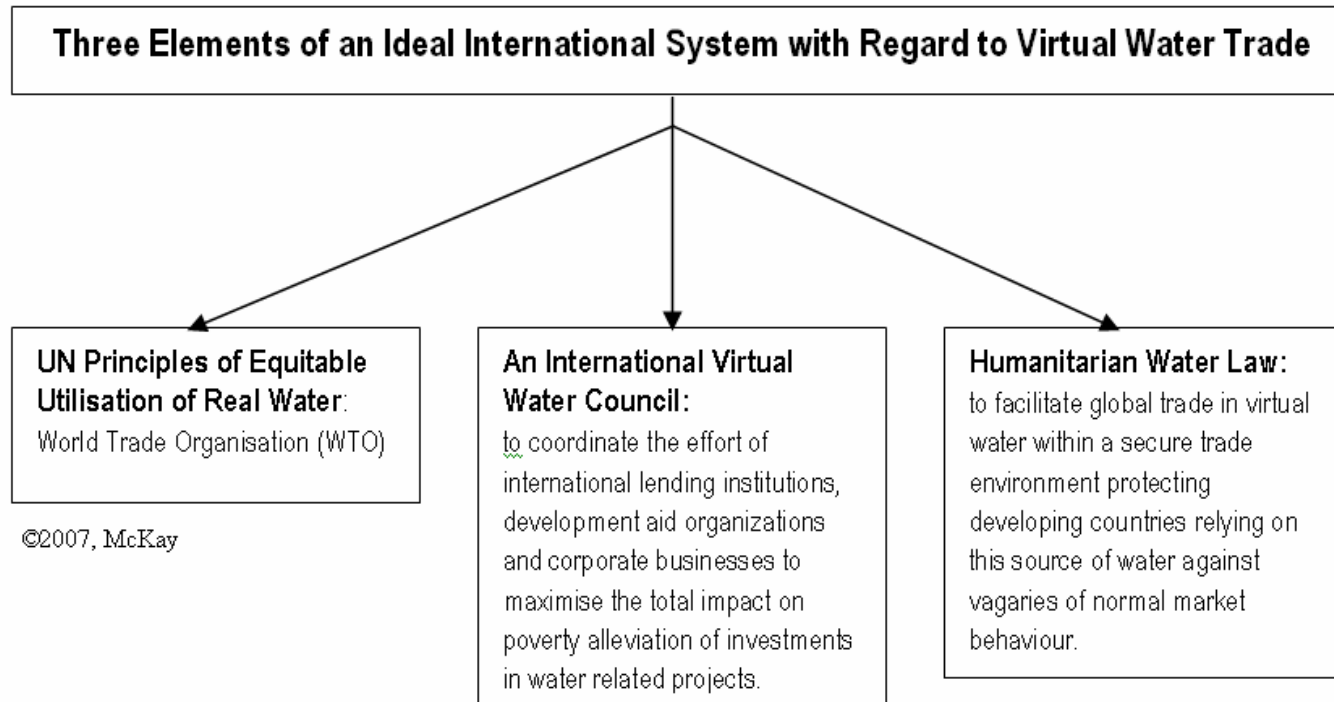


International Virtual Water Trading Council

- **Based On Laws And Treaties**
- **Humanitarian Laws**
- Equitable utilization principle Helsinki Rules applied to ensure cross boundary co-operation
- WTO Rules and;
- Lex Mercatoria



Three Elements of an Ideal International System with Regard to Virtual Water Trade



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Four Aspects of Humanitarian Law

- Law in relation to war
- “Injunction to not cause unnecessary suffering”
- Human rights standards have been adopted Human rights standards proposed from the First UN Conference on human rights in 1968.



Four Aspects of Humanitarian Law

- 2nd Human rights laws and the right to development
- When does the international community bear some responsibility for assisting States whose resources are inadequate to ensure the rights of their own citizens.
- General Assembly UN 1986

States need to bear the following in mind when developing human rights instruments

- Be consistent with existing body of international human rights laws
- Be of fundamental character and derive from inherent dignity and worth of the human person
- Be sufficiently precise to give identifiable and practicable rights
- Provide realistic implementation machinery and
- Attract broad international support



Humanitarian Exceptions to International Sanctions

- Humanitarian law has been applied to trade to ease the burden of international and unilateral sanctions
- International sanctions derive power from Article 41 of the UN Charter. All members are bound as Article 25 requires.
- However, exceptions exist as sanctions impose hardship on innocent victims



Humanitarian Exceptions to Unilateral Sanctions

- EU regulation called Food Aid Convention 1986. This waives certain other rules applying to the export of agricultural products under the WTO agreements

- Ethos open trade and free markets.
- Hence challenges behind the border legalities.
- Described as” ... a universal, rule based multilateral trading system which is rapidly becoming a central pillar of new international order, a key link between North and South, an indispensable foundation for an ever more interdependent world” Arup 2000

- Agricultural protectionism has always been a part of the World trading system in a defacto way despite GATT (Capling 2001)
- Australia had domestic policy measures designed to promote exports and stabilise the price of primary products.
- WTO tries to remedy GATT by taking a broader socially inclusive view.

- This has a suite of broader dispute resolution tools.
- Two premises of world trading system are that economic concerns are central to foreign affairs and;
- National economies are getting more interdependent.

- Agreement on Agriculture requires that developed country members take into account the particular needs and conditions of developing country members.
- Reform measures should be implemented that have regard to non trade measures such as food security and the need to protect the environment.



Agreement on Agriculture

These items must be reduced:

- Direct subsidies
- Sale or disposal for export of non commercial stocks of agricultural products at a price lower than the comparable market price,
- Payments on the export of an agricultural product financed by a levy

- The provision of subsidies to reduce the costs of marketing exports,
- Internal freight charges





UN Economic Principles

- 1974 UN Charter of Economic Rights and Duties of States
- and
- Declaration on the establishment of New International Economic Order NIEO.

- Economic and social relations and recites the principles of remedying of injustices which have been brought about by Force and deprive a nation of the natural means necessary for its normal development and promotion of social justice

- The new order should be based on equity, interdependence, common interest and co-operation to correct inequalities and make it possible to eliminate the widening gap between the developed and developing countries.

- Article 4r the need for developing countries to concentrate all their resources for the cause of development.
- Article 4j just and equitable relationship in the processing of raw materials with the aim of bringing about sustained improvement in unsatisfactory terms of trade
- Article 4s the strengthening of mutual economic, trade, financial and technical co-operation among developing countries

“Global movements of food from water rich to water poor countries is feasible.” Boucher 2000.

- Boucher suggests an Organisation of food exporting Countries.
- VWTC negotiate trade of virtual water on principles with a humanitarian aim - wider than pure trade.



Lex Mercatoria

- Recognition of trans-national legal space.
- Pluralist approach to laws and decentralisation
- Growth of trans-national trade agreements like NAFTA.
- **A code can set the vanguard for an ethical corporation to set higher standards. ie to not import raw materials grown from blue water in another country**



Regional Differences in Virtual Water Content of Crops

- Virtual water content of Maize grown in Japan is three times that of Maize grown in the USA



Proposed Virtual Water Trading Council VWTC

Based on:

- Recognition that trade in staple food products is trade in water and that these should be treated differently.
- International co-operation is needed to redistribute water to eliminate poverty.



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*Thank you for
your attention*



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