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Investor Group FAIRR Calls on G20 Finance Ministers to Reform Agricultural Subsidies Regimes



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Ahead of September 2023's G20 summit in Delhi, the Farm Animal Investment Risk & Return ("FAIRR") Initiative called on G20 Finance Ministers to reform agricultural subsidies to enable countries to meet their net zero greenhouse gas emissions commitments by 2050 along with their commitments to global biodiversity and nature goals. At the COP15 biodiversity conference in December 2022, governments agreed pursuant to the Kunming-Montreal Global Biodiversity Framework to "identify by 2025, and eliminate, phase out or reform subsidies harmful to biodiversity...starting with the most harmful incentives." According to FAIRR, "[h]armful' subsidies are incentivizing the over-production and over-consumption of certain high-carbon agricultural products," such as red meat and dairy, and [as the UN reported](#) in September 2021, damage caused to nature by subsidy regimes is estimated at \$4-\$6 trillion each year. The alliance made four recommendations to the G20:

1. Link financial support to environmental performance-related conditions (e.g., GHG reduction or biodiversity protection);
2. Incentivize sustainable agricultural practices over those that harm the environment, e.g., financing a transition towards regenerative practices;
3. Stop supporting carbon-intensive commodities such as red meat and dairy; and
4. Increase available just transition funding to support affected stakeholders who are impacted by reforms.

Final Thoughts:

The spotlight on nature and biodiversity continues to shine. [As we reported](#) in discussing a recent CDP report on financial institutions attempting to address

nature-related risks, a significant proportion of the world's total GDP is moderately or highly dependent on nature. In September 2023, [the UK government announced](#) a sweeping inquiry into the role of private finance in nature recovery, and how it might redirect capital towards that end. In the EU, [the European Parliament adopted](#) amendments to the Corporate Sustainability Due Diligence Directive so that large EU companies would be required to, among other things, conduct due diligence to identify and mitigate negative impacts on the environment, including related to biodiversity loss and environmental degradation. Under the amendments, large companies operating in the EU would be required to conduct due diligence to identify, prevent, mitigate or end negative impacts on human rights and the environment, including in particular pollution, biodiversity loss and environmental degradation, as well as labor exploitation, slavery and child labor.

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