

Climate Change Mitigation – How might it affect market access and domestic support policies?

Jane Earley

Earley & White Consulting Group, LLC

jeasley@eandwconsulting.com

ICTSD-IPC side event on Climate Change,
Agriculture and Trade: Promoting Policy
Coherence, 6 April 2009

Current situation

- Trade liberalization in agriculture
 - Tariffs in South are high
 - Domestic support levels in Annex I countries also very high (some notable exceptions)
 - Export subsidies still problematic
 - Doha Development Round remains to be completed, despite paradigm-shifts
- Climate change mitigation will inevitably add to tensions – has already done so!

Symphony of Trade Restraints – present and potential

- Export prohibitions and differential export taxes for crops, fertilizer
- Biofuels subsidies – healthy and growing
- Tariff walls growing around new forms of production
- Stimulus packages limit procurement to domestic
- Border taxes may accompany carbon taxes, or possible mis-allocation of emissions permits
- Proliferating technical regulations and standards
- New ideas (tradable performance standards reflecting product carbon intensity coupled with permit trades), old problems (lack of MFN and national treatment)

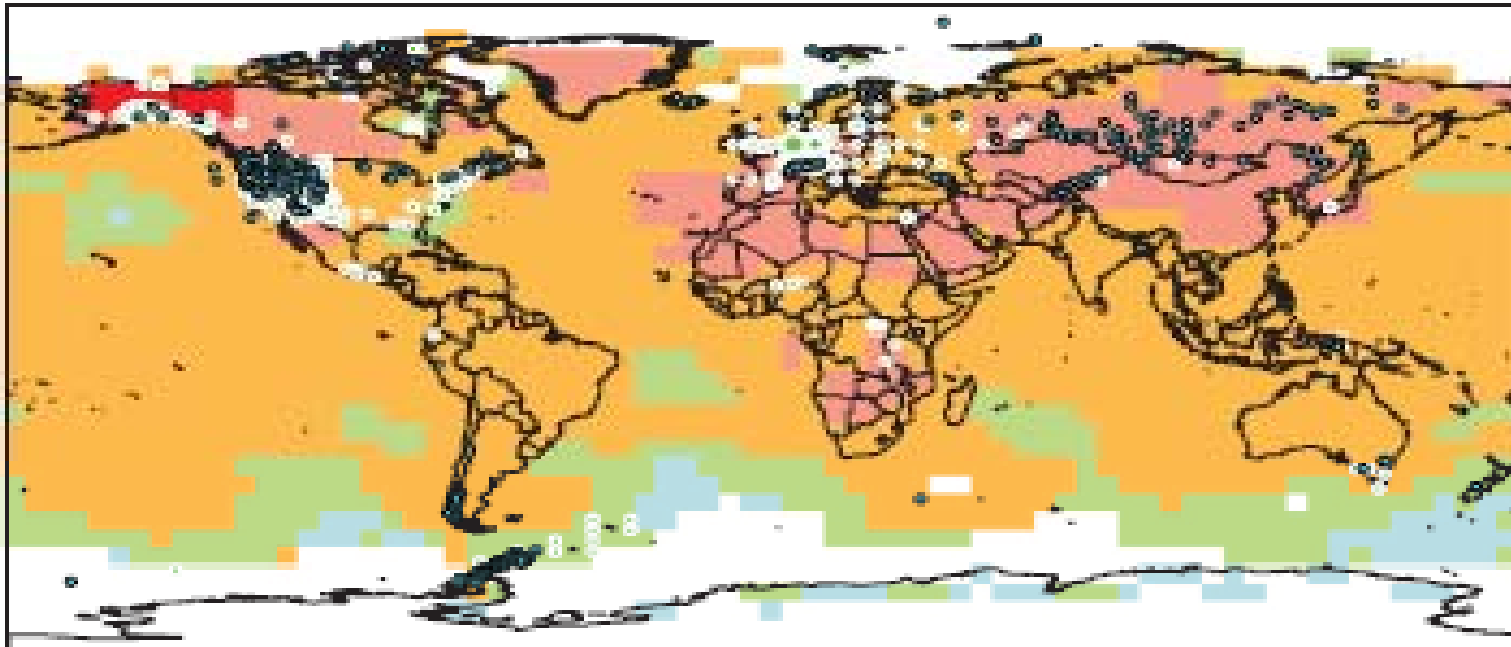
Some very troubling questions

- General questions:
 - Will present tariff and support structures work to aid adaptation to climate change or to complicate it?
 - Is the political price for climate change mitigation too high for the multilateral trading system?
 - Do present agricultural subsidies work to increase GHG emissions or to mitigate them, and can WTO negotiations address this?
 - Can the trading system serve as a venue for resolution of some of these issues?

Specific Questions

- Specific questions
 - Would green box rules preclude accounting for carbon offsets there?
 - Will agricultural offsets replace other payments as support for agriculture?
 - Will fertilizer production emissions caps inspire new subsidies? Will this promote lower emissions or just expensive fertilizer, and increased hunger?

Changes in physical and biological systems and surface temperature 1970-2004

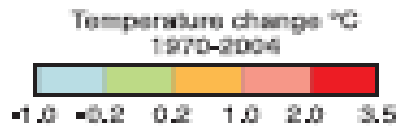


NAM		LA		EUR ²⁰¹¹⁵		AFR		AS		ANZ		PR [*]		TER ²⁰⁵⁰⁰		MFW ^{**}		GLO ²⁰⁶⁷¹	
385	45	23	5	119	1	5	2	100	0	6	0	120	24	70	1	1	0	300	1
94%	92%	96%	100%	94%	95%	100%	100%	96%	100%	100%	-	91%	100%	94%	90%	100%	99%	94%	90%

Classified data on lines

- Physical systems (snow, ice and frozen ground; hydrology; coastal processes)
- Biological systems (terrestrial, marine, and freshwater)

Europe ***	
•	1-30
•	31-100
•	101-800
•	801-1,200
•	1,201-7,500



Physical	Biological
Number of significant observed changes	Number of significant observed changes
Percentage of significant changes consistent with warming	Percentage of significant changes consistent with warming

Tariff and Support structures

- 10-40% higher trade flows of mid- to high-latitude products (cereals and livestock) to low-latitude countries by 2080
- Not just how to boost production – also how to reduce barriers to trade
- Tariff escalation –does it work to reduce or increase “leakage”?
- Can consensus be achieved on tariff elimination in sectors clearly mitigation-enhancing? (EGS, biofuels)
- Trade must be seen as a tool to assist in mitigation and adaptation – yet the focus has been national and local. How can this dynamic be modified?

Global fertilizer prices, 2000-2007



Subsidies

interest 1:

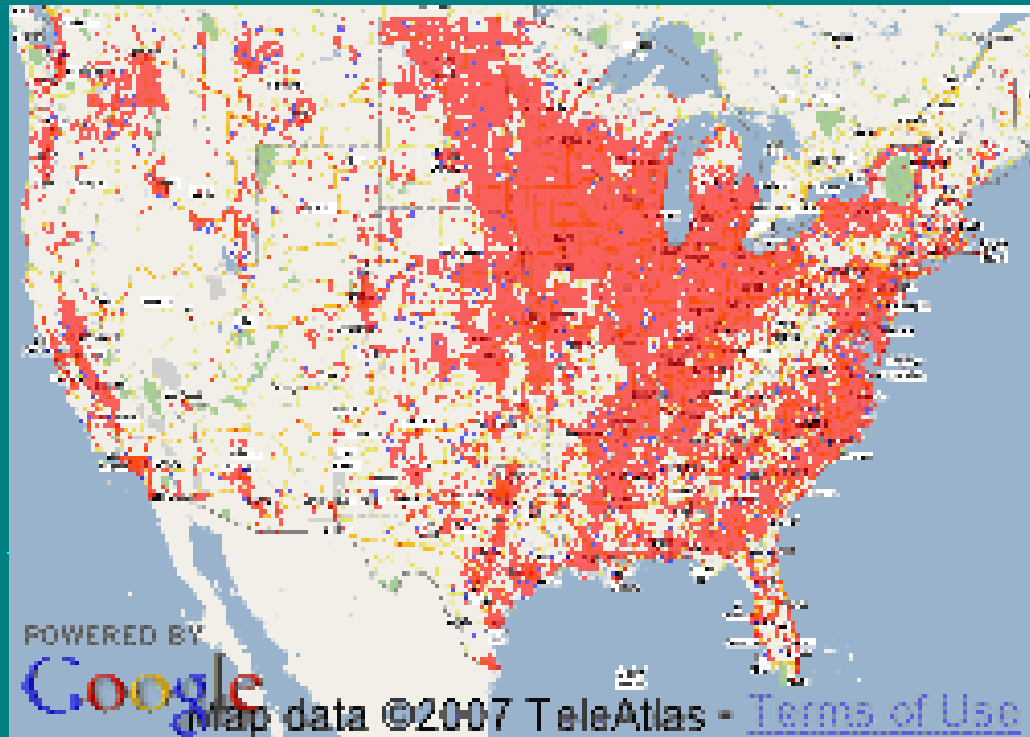
[Top 20 Individual Beneficiaries 2003-2005](#)
[Your Farm Subsidy Dollars At Work Site Slow? Here's Why](#)
[What's new in this database?](#)
[Full Disclosure: Who really benefits from federal farm subsidies](#)
[Additional Analyses](#)
[Commodity Crop Payment Distribution](#)
[Farm Businesses by Number of Pass-Through Beneficiaries](#)
[Beneficiaries Receiving Pass-Through Subsidies From Multiple Farm Businesses](#)
[Crop Subsidies by Congressional District](#)
[Farm subsidies to the Districts Represented by the House Agriculture Committee](#)
[Concentration of Crop Subsidies](#)

Stay Informed

Get our monthly eNewsletter, farm policy updates, & the latest farm news.



[Contact us via mulch](#)
[News Release](#)
[Related News Coverage](#)
[Data Used in This Website \(USDA backgrounders\)](#)
[EWG's Farm Subsidy Database](#)



• \$34.8 billion in commodity program payments for program years 2003-2005.