



Status of Climate Change Negotiations and U.S. Policy Development (related to Agriculture)

**Climate Change, Agriculture, and Trade:
Promoting Policy Coherence**

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Treatment of land in current international agreements

- UN Framework Convention on Climate Change
 - Annex I and Non-annex I countries
 - Non-binding aims to reduce emissions by sources and enhance removals by sinks
- Kyoto Protocol
 - Annex I
 - Must address agriculture, and three specific forest activities: afforestation, reforestation, and deforestation
 - Can also add additional activities: cropland management grazing land management, and forest land management
 - Non-Annex I: Specific activities allowed in the CDM (afforestation and reforestation) NOT avoiding deforestation

Treatment of land looking forward to Copenhagen...

- Ad hoc Working Group on the KP
 - Extend current treatment
 - Modify, but keep current structure
 - Move toward comprehensive accounting for lands
- Ad hoc Working Group on Long-term Cooperation
 - Developed
 - Developing
 - Much focus on how to address deforestation

Options for addressing the land use sectors under the new agreement

- Developed countries (US)
 - KP construct, W-M construct, UNFCCC construct
- Allow developing countries to:
 - Take meaningful mid-term action consistent with capabilities;
 - Provide offsets
 - National systems
 - Activities and projects
- Create a fund to support developing country efforts
 - Based on tons reduced/avoided
 - Based on needs and capabilities

GHG Emissions by Sector in 2000

Country/Region (Mt CO ₂)	% from Energy	% from Agriculture	% from Forests
World (43,058)	62.7%	13.3%	17.7%
U.S. (6,442)	93.3%	6.9%	-6.3%
China (4,711)	67.3%	22.1%	-1%
India (1,555)	67.5%	24.1%	-2.6%
Brazil (2,313)	13.9%	23.7%	59.3%
Indonesia (3,068)	10.9%	4.1%	83.5%
EU-25 (4,709)	82.1%	10.5%	-0.4%

Domestic Legislation

- H.R. 2454 -- Passed the House on June 26, 2009
- **Titles I and II:** Clean energy and energy efficiency provisions. Establish a renewable electricity standard, energy efficiency programs and standards for transportation, buildings, lighting, appliances
- **Title III:** Establishes a cap and trade system for GHGs
- **Title IV:** Addresses competitiveness issues and the transition to a clean energy economy
- **Title V:** Establishes a domestic program for agriculture and forestry offsets

HR 2454 -- GHG Offsets

- 2 billion tons of offsets can be used for compliance:
 - 1 billion from domestic sources, 1 billion from international sources
- Lower value for international offsets
 - beginning in 2018, 1.25 offset credits would be required to be surrendered for each ton of emissions compliance
- Agriculture and forestry offsets program to be administered by USDA
- EPA to administer all other types of domestic offsets, as well as international offsets
- Early offsets from programs starting after January 2001

HR 2454 -- Key Components of USDA and EPA Domestic Offset Provisions

- Initial project type eligibility list after 1 year
- Additional project types within 2 years
- Application of standardized methodologies for:
 - Additionality;
 - Baselines;
 - Permanence;
 - Quantification of project credits; and
 - Leakage
- Third party verification is required

HR 2454 -- Initial List of Domestic Agriculture and Forestry Offset Project Types

- Altered Tillage Practices
- Continuous Cropping (winter cover)
- Reduce Fertilizer Use
- Animal Management/Dietary Modification
- Afforestation or Reforestation
- Urban Tree-Planting and Maintenance
- Improved Forest Management
- Improved Manure Management
- Reduced frequency/duration of flooding of rice paddies
- Reduced organic soil emissions
- Peatland/wetland management
- Grassland conservation
- Avoided forest conversion
- Agroforestry

HR 2454 – International Offsets

- International offsets eligibility
 - Developing country
 - Must be Parties to a multilateral or bilateral Agreement which ensures that U.S. offset requirements are met
- Types of international offsets
 - Project-based
 - Sector-based
 - Clean Development Mechanism
 - Reduced deforestation

Evaluating the Costs and Benefits of Climate Change Policy to Agriculture

- Three main issues:
 - Production costs : energy and fertilizer inputs
 - Offsets/incentives: GHG reduction potential
 - Renewable energy: Wind, bioenergy
- Agriculture is energy intensive:
 - Fertilizer and fuel costs account for 50-60 percent of variable costs of production for corn;
 - Because of higher personal transportation expenditures, rural households are more likely than urban households to feel the pinch of increased gas prices.
- The costs will be considered against the potential benefits from offsets and renewable energy markets
- Lastly, by doing nothing, there will be a cost as well from the effects of warming.