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

<table>
<thead>
<tr>
<th>Country/Region (Mt CO2)</th>
<th>% from Energy</th>
<th>% from Agriculture</th>
<th>% from Forests</th>
</tr>
</thead>
<tbody>
<tr>
<td>World (43,058)</td>
<td>62.7%</td>
<td>13.3%</td>
<td>17.7%</td>
</tr>
<tr>
<td>U.S. (6,442)</td>
<td><strong>93.3%</strong></td>
<td>6.9%</td>
<td>-6.3%</td>
</tr>
<tr>
<td>China (4,711)</td>
<td>67.3%</td>
<td><strong>22.1%</strong></td>
<td>-1%</td>
</tr>
<tr>
<td>India (1,555)</td>
<td>67.5%</td>
<td><strong>24.1%</strong></td>
<td>-2.6%</td>
</tr>
<tr>
<td>Brazil (2,313)</td>
<td>13.9%</td>
<td>23.7%</td>
<td><strong>59.3%</strong></td>
</tr>
<tr>
<td>Indonesia (3,068)</td>
<td>10.9%</td>
<td>4.1%</td>
<td><strong>83.5%</strong></td>
</tr>
<tr>
<td>EU-25 (4,709)</td>
<td><strong>82.1%</strong></td>
<td>10.5%</td>
<td>-0.4%</td>
</tr>
</tbody>
</table>

WRI Climate Analysis Indicators Tool Ver. 5.0
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.