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Study Sees Agriculture Trade Flows Changed By Climate Change, Regulations

A joint study released by two international trade policy groups this week found that the decline in agricultural production in and exports from developing countries will be more severe if aid is not increased and delivered through a better coordinated system.

The Oct. 13 joint study released by the International Centre for Trade and Sustainable Development and the International Food and Agricultural Trade Policy Council found that both climate change itself and mitigation and adaption efforts will have a profound effect on agricultural trade, to the detriment of developing countries.

New and changing regulations, changes in consumer demand, as well as the actual changes in the environment caused by climate change, will have a profound impact on agricultural trade, according to the study. For example, increased severity and frequency of catastrophic weather caused by climate change, and changes to traditional farming practices caused by the implementation of climate change reduction regulations, will cause a downturn in developing country agricultural output. The demand for low-carbon products will also impact agricultural production, the study says.

The need for changes to global agricultural policies, with a focus on developing countries, is bolstered due to the “increased stress” climate change will have on the sector, according to the study.

The study recommends greater coordination of assistance to developing countries' agriculture sectors in carrying out climate change mitigation and adaption efforts and finds a “considerable gap” exists between what has been pledged globally and what will be needed to help developing countries adapt.

The study noted that coordination through trade financing initiatives such as the Aid for Trade initiative at the World Trade Organization could work well since countries that have already provided mitigation and adaption financing also participate in Aid for Trade. However, there still exists the potential of conflicting demands and agendas of donors and recipients of aid due to the lack of a system to check the compatibility of the range of existing aid programs, the study found.

Mitigation financing programs, such as the Clean Development Mechanism at the United Nations, are “new and growing” and do offer the potential for developing countries to benefit greatly, according to the study. However, a large gap exists in the amount of financing pledged and what is estimated will be needed for developing countries to adapt, the study says. Low income countries would benefit from better access to these mechanisms as well.