

TESS

Forum on Trade
Environment & the SDGs

Domestic support programmes and agricultural sustainability

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Identifying environmentally harmful subsidies

- Are certain forms of support more likely to have negative environmental impacts?
- Context specific considerations and trade-offs
- The way forward

Three ways of providing domestic support

Producer Support

Support based on outputs



Support based on inputs



Payments based on area planted, animal numbers, farm receipts or income



Payments based on non-commodity criteria



Support to the sector as a whole

Knowledge and innovation systems



Inspection and control



Development and maintenance of infrastructures



Marketing and promotion



Cost of public stockholding

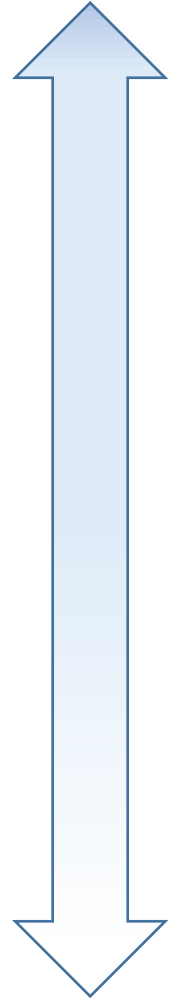


Support to consumers

Consumer support



More likely to generate negative environmental impacts



Less likely to generate negative environmental impacts

Producer support and the link to production

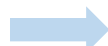
Support based on outputs



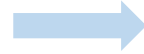
Market price support



Resulting from trade barriers (e.g. tariffs, export restrictions)



Minimum guaranteed price (e.g. govt. purchase at administered prices)



Payments based on outputs

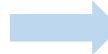


Production aid for specific commodities

Support based on inputs



Variable inputs



Seeds, fertilisers, electricity pesticides



Fixed capital formation



Investment aids, subsidized credits

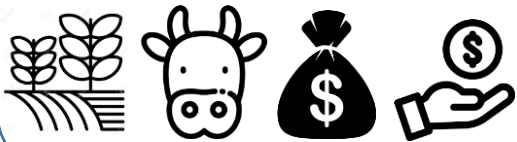


On farm services



Pest and disease control

Payments based on area planted, animal numbers, farm receipts or income



Production required



Subsidized insurance schemes



Production limiting programmes



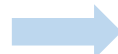
Production not required



Decoupled income support



Disaster relief



Support to disadvantaged region, etc..

Payments based on non-commodity criteria



Payments for biodiversity conservation

More likely to generate negative environmental impacts



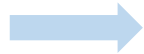
Link to production



Less likely to generate negative environmental impacts

Producer support and the link to production

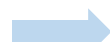
Support based on outputs



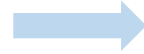
Market price support



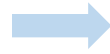
Resulting from trade barriers (e.g. tariffs, export restrictions)



Minimum guaranteed price (e.g. govt. purchase at administered prices)



Payments based on outputs



Production aid for specific commodities

Amber box

Support based on inputs



Variable inputs



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Fixed capital formation



Investment aids, subsidized credits



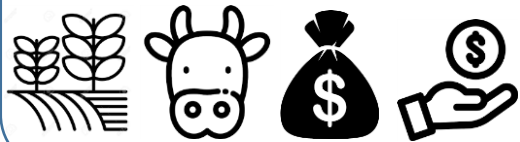
On farm services



Pest and disease control

Art. 6.2

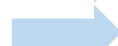
Payments based on area planted, animal numbers, farm receipts or income



Production required



Subsidized insurance schemes



Production limiting programmes



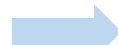
Production not required



Decoupled income support



Disaster relief



Support to disadvantaged region, etc..

Blue box

Green box

Payments based on non-commodity criteria



Payments for biodiversity conservation

Context specific considerations and trade-offs

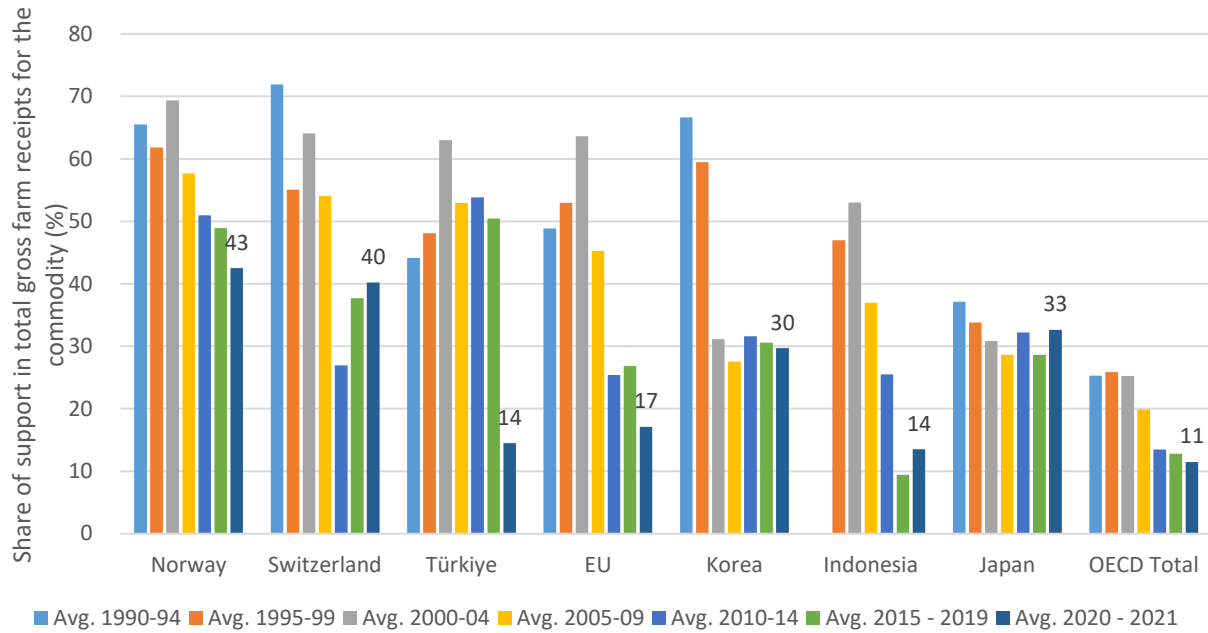
The environmental impact is likely to differ based on:

- Subsidisation intensity
- Agro-ecological conditions
 - E.g. rain fed vs. irrigated, degraded land, biodiversity
- Agricultural practices
 - E.g. sustainable intensification vs. expansion of the agricultural frontier

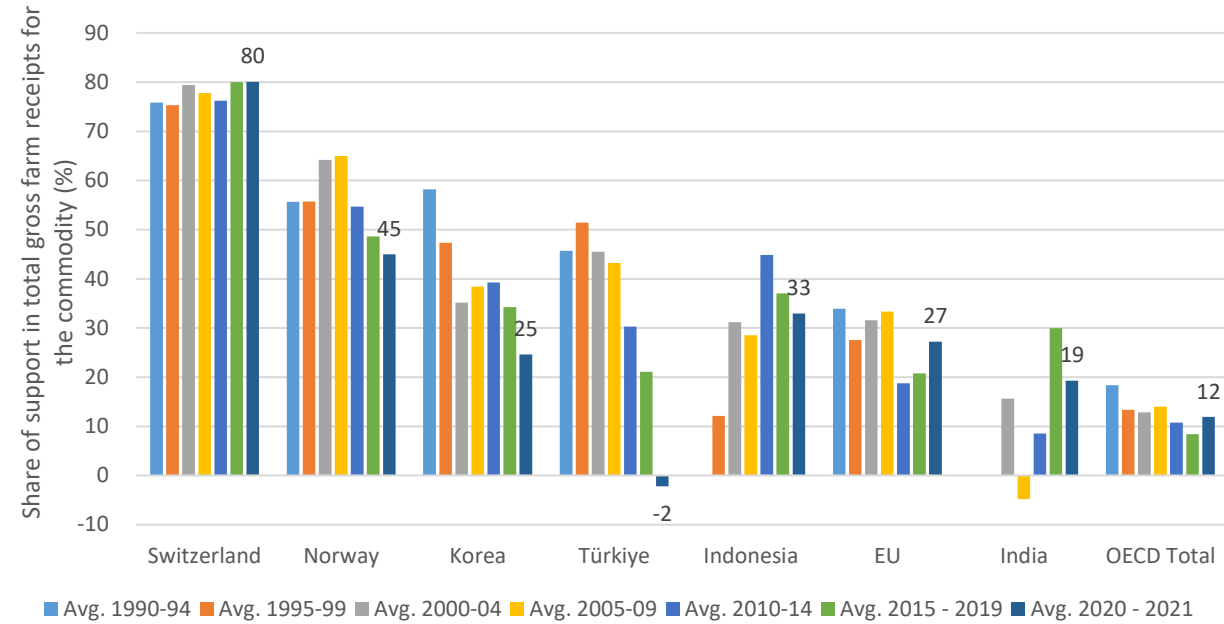
The need to consider trade-offs

- Food and livelihood security vs. Environmental considerations
- Increasing distortions vs. providing public goods

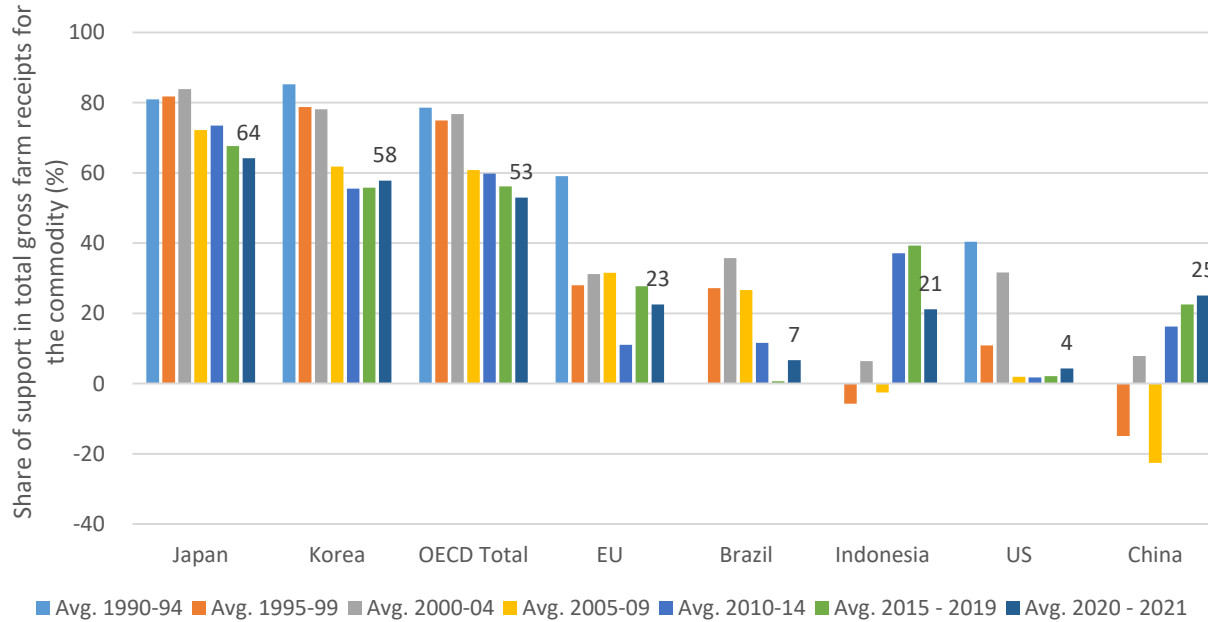
Beef and veal



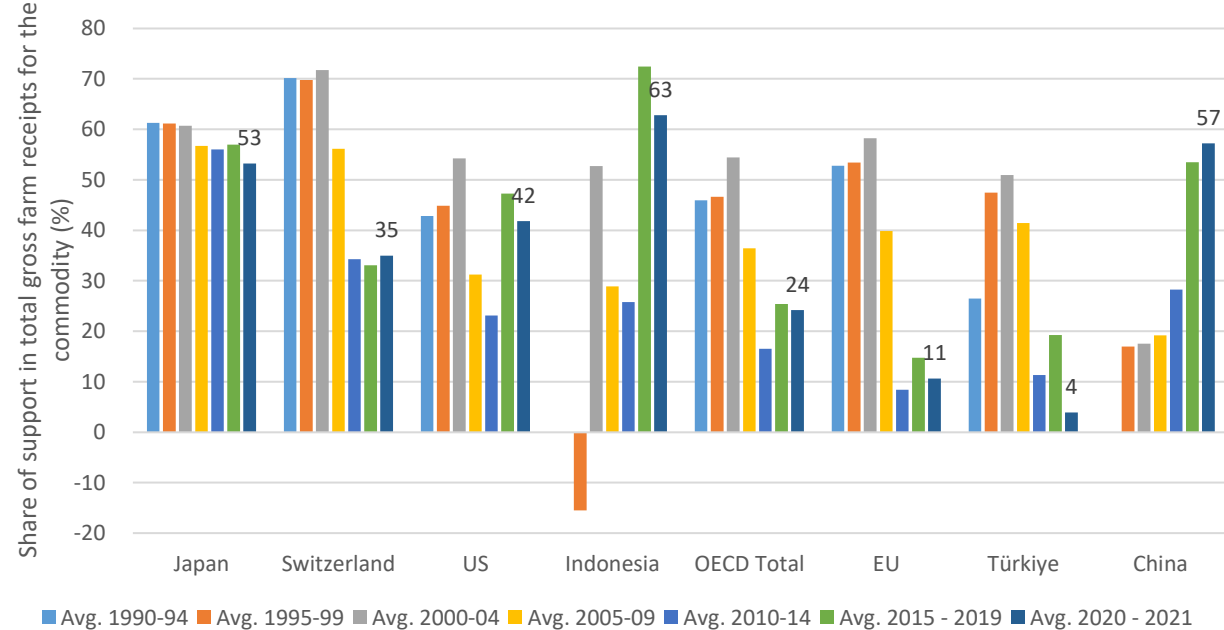
Poultry



Rice



Sugar



Context specific considerations and trade-offs

The environmental impact is likely to differ based on:

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The need to consider trade-offs

- Food and livelihood security vs. Environmental considerations
- Increasing distortions vs. providing public goods

Possible ways forward

- The need for enhanced transparency?
- Towards a context specific approach?
 - Building on the fisheries subsidy model (IUU, overfished stocks, unregulated high sea)
 - How would it apply to agriculture (*de minimis*, focus on certain agricultural practices or agro-ecological conditions)
- Fostering good practices instead of prohibiting bad ones?
 - Voluntary pledges
 - Guidelines and good practices for repurposing