What are Agricultural Subsidies?

Agricultural Subsidies are a proxy measure to assess the environmental impacts of policies that tend to encourage the inefficient use of resources that can lead to pollution.

How do we know?

The Nominal Rate of Assistance, or NRA, is defined as the price of an agricultural product in the domestic market (plus any direct output subsidy) less its global price expressed as a percentage of the global price (adjusting for transport costs and quality differences).

Why does it matter?

Increased Environmental Pollution

Agricultural subsidies have been found to lead to more intensive agriculture, inefficient use of resources such as water and agricultural inputs, and can lead to increased environmental pollution through the greater use of pesticides, insecticides, and fertilizers.

Over-Production

The over-production of government-favored crops distorts global commodity markets. Not only does this affect the global economy, but also food security and poverty.

The United States uses 1.2 billion pounds of pesticides annually, 99.9% of which do not reach the intended target. The other 0.01% contaminates the food, air, and water.

Increased Use of Water

99.9% of sprayed insecticides migrate to nearby streams, rivers, and lakes through rainfall runoff.

Due to monetary limitations, low-income countries have traditionally not provided agriculture subsidies. It is primarily high-income countries that can afford to subsidize agricultural production.

How to score when data are missing?

- Negative Subsidies / Tax
- Agriculture GDP < 5%Low - Middle Income (GNI per capita <$4,085)
- No score
- High Income (GNI per capita >$12,616)
- 100 score
- Est. score

References


