

**A GENERAL EQUILIBRIUM STUDY OF THE EFFECTS OF EU EMISSIONS REDUCTION TARGETS
ON SPANISH AGRICULTURE**

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RESUMEN

Employing a dynamic computable general equilibrium (CGE) model of the Spanish economy, this study explicitly aims to characterise in detail the potential impact of European Union environmental policy on Spanish agricultural activities and the wider Spanish economy. When compared with a business-as-usual scenario with no emissions reduction policy, we estimate that the current EU policy measures will induce a significant price of GHG emissions, both through the Emissions Trading Scheme (ETS), and the cost of meeting the Kyoto and Diffuse Sectors targets. This will present a number of challenges for Spanish agriculture, and will cause a small reduction in real GDP.

Palabras clave: Climate Change Policy, Agriculture, Kyoto, CGE.