

Key Principles for Agriculture Offset Program in Cap and Trade Legislation

Agriculture can play a significant role in a market based cap and trade system through sequestering carbon on agriculture lands, as well as reducing emissions from animals' digestive systems and their manure. Economic analyses have shown that a robust offset program will reduce the costs of a cap and trade program.

In the near term, greenhouse gas reductions from livestock and agricultural conservation practices are the easiest and most readily available means of reducing greenhouse gas on a meaningful scale. The United States Environmental Protection Agency (EPA) estimates that agricultural and forestry lands can sequester 20% of all annual greenhouse gas emissions in the United States.

Further, agricultural producers have the potential to benefit from a properly crafted cap and trade program. Given these opportunities, it is critical that any climate change legislation seeks to maximize agriculture's participation and ensure greenhouse gas reductions while also sustaining a strong farm economy.

We wish to note the following principles that we believe should be part of an offsets program in cap and trade greenhouse gas legislation.

1) USDA should promulgate the rules and administer an agricultural offset program.

USDA has both the institutional resources as well the technical expertise necessary to administer an agricultural offset program. Furthermore, USDA has a track record of working with farmers as well as studying, modeling and measuring carbon sequestration on agricultural lands.

2) Do not place an artificial cap on the use of domestic offset allowances

Current estimates predict that agricultural and forestry lands can help to reduce up to 20% of US greenhouse gas emissions. Therefore, we believe it is unwise and market distorting to place an artificial cap on the amount of domestic offset allowances a covered entity can use to meet its yearly obligation. Our goal should be to remove as much greenhouse gases from the atmosphere as possible. Artificial caps will prevent legitimate carbon sequestration, livestock methane capture, and manure gasification projects from occurring.

3) Establish carbon sequestration rates based on science

It is scientifically proven that agriculture soils sequester carbon. In fact, extremely accurate technologies are available to measure soil carbon content. USDA should

quickly implement provisions of the recently enacted 2008 Farm Bill that directs them to develop guidelines and protocols related to farmer, rancher and forestland owner participation in carbon markets. USDA can develop a properly constructed science based model that includes statistically relevant random field measurements to help maximize agriculture's offset credits for carbon sequestration.

4) Recognizing early actors

Agriculture is always evolving. As technologies improve, farmers are converting to alternative tillage practices such as no-till or ridge-till. They are reducing fertilizer rates. Some livestock producers are able to use methane digesters and invest in covers for manure storage or treatment facilities while others are able to reduce enteric emissions with dietary modifications. Producers that have taken these steps should not be disadvantaged by being excluded from compensation for future offsets that occur as a result of these ongoing efforts.

5) Stackable credits

Many practices undertaken to reduce greenhouse gas emissions will provide additional public benefits, such as clean water, wildlife habitat, and reduced soil erosion. Projects participating in a greenhouse gas offset market should not be excluded from also participating in other markets for environmental services that currently exist or may arise in the future. Allowing producers to "stack" credits will maximize the economic viability of carbon sequestration and manure management projects, ensuring more projects are undertaken and synergies with other environmental priorities are developed. In addition, new climate programs should complement existing conservation programs within the Farm Bill.

American Farmland Trust
American Soybean Association
American Sugarbeet Growers Association
National Association of Wheat Growers
National Cattlemen's Beef Association
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Farmers Union
National Milk Producers Federation
National Pork Producers Council
United Fresh Produce Association
Western Growers Association