POTENTIAL FOR AGRICULTURE

• ACCORDING TO EPA 2007 INVENTORY

  – AGRICULTURE EMITS ABOUT 7% OF TOTAL U.S. GHG

  – POTENTIAL FOR AG AND FORESTRY TO SEQUESTER 15-20% OF U.S. TOTAL
OPPORTUNITIES

• AGRICULTURAL OFFSETS
  – REDUCE COMPLIANCE COSTS TO INDUSTRY AND CONSUMERS
  – CARBON REDUCTIONS THAT WOULD NOT HAVE OTHERWISE OCCURRED
  – ENVIRONMENTAL CO-BENEFITS
OPPORTUNITIES

• POTENTIAL OFFSET CREDITS--LIVESTOCK
  - METHANE DIGESTERS
  - MANURE LAGOON COVERS
  - MANURE MANAGEMENT IMPROVEMENT
  - LIVESTOCK DIETARY IMPROVEMENTS
OPPORTUNITIES

• POTENTIAL OFFSET CREDITS--CROPS
  – LOW TILL OR NO TILL PRACTICES
  – FERTILIZER MANAGEMENT
  – MANURE MANAGEMENT
  – HIGH RESIDUE CROPS
  – GRASSLANDS AND TREES
  – RANGELAND MANAGEMENT
CONCERNS

• COSTS GREATER THAN OFFSET BENEFITS?
  - INCREASED FUEL, FERTILIZER AND ENERGY COSTS
  - WILL OFFSETS BENEFITS COVER INCREASED COSTS?
  - BASED ON UNCERTAIN COMPUTER MODELS
  - UNEQUAL OFFSET OPPORTUNITIES
CONCERNS

• POTENTIAL REGULATION OF AGRICULTURE
- LARGER LIVESTOCK OPERATIONS
- REGULATION OF AG PRACTICES
- ADDITIONAL CLEAN AIR ACT REGULATION
OBSTACLES

• SEQUESTRATION OFFSET UNCERTAINTY

• ADDITIONALITY
  - BUSINESS AS USUAL”
  - MAY DENY EARLY ADOPTERS
  - “CREATES PERVERSE INCENTIVE

  - NEW REDUCTIONS, NOT NEW PRACTICES
OBSTACLES

- **PERMANENCE**
  - MEASUREMENT AND VERIFICATION
  - CONTRACTS OF LIMITED DURATION
  - POSSIBILITY OF REVERSAL
  - FOCUS ON DURATION

NEED ADMINISTRATION OF AG OFFSETS BY USDA
OBSTACLES

• COMPETITIVE TRADE DISADVANTAGE

– WTO COMPLIANCE NECESSARY
– GATT, ARTICLE III
– GATT, ARTICLE XX EXCEPTIONS
  • NECESSARY TO PROTECT HUMAN HEALTH
  • CONSERVE EXHAUSTABLE RESOURCES
  • NOT UNJUSTIFIABLE DISCRIMINATION
  • NOT DISGUISED RESTRICTION ON TRADE
OBSTACLES

POTENTIAL TRADE EQUALIZATION REMEDIES

- INTERNATIONAL RESERVE ALLOWANCE
- MODERNIZATION ASSISTANCE
- TRANSITION ASSISTANCE
OUTLOOK

• MAY DEPEND ON STATE OF THE ECONOMY

• HOUSE
  – ENERGY AND COMMERCE—REPORT BY MEMORIAL DAY
  – FULL HOUSE BY DECEMBER

• SENATE
  – THROUGH ENVIRONMENT AND PUBLIC WORKS COMMITTEE IN 2009
  – NO SUBSTANTIVE BILL YET

REGULATORY ACTION
POTENTIAL FOR AGRICULTURE

“FARMERS AND RANCHERS IN THE U.S. AND AROUND THE WORLD NEED TO KNOW THAT THEY CAN BE PART OF THE SOLUTION.”

-----AL GORE
JANUARY 28, 2009