



CLIMATE CHANGE

Issue:

Legislation to reduce greenhouse gas (GHG) emissions with the goal of addressing climate change concerns is under consideration. Any legislation that is approved should recognize agriculture's ability to offset GHG emissions through sequestering carbon through the use of voluntary carbon markets. Moreover, it is important that legislation not adversely affect our ability to provide a safe and abundant food supply.

Background:

Environmental organizations and some scientists allege that GHG emissions from human activities (anthropogenic GHGs) have led to an increase in average global temperatures. They contend that unless measures are taken to reduce these emissions, the cumulative effect over coming decades will result in adverse changes in the world's climate and weather. GHG include carbon dioxide, nitrous oxide and methane. Although the Intergovernmental Panel on Climate Change (IPCC), a body of the United Nations, says that human activities appear to have a measurable effect on global temperatures, much of the debate is driven by policy groups. There is no generally agreed upon scientific assessment on the exact impact or extent of carbon emissions from human activities, their impact on past decades of warming or how they will affect future climate changes.

The Kyoto Protocol of 1997 established legally binding, numerical limits on GHG emissions among signatory countries. The U.S. did not ratify this agreement, and Farm Bureau does not support it. Currently, a number of countries, including the U.S., are negotiating a post-Kyoto agreement on GHG emissions to take effect in 2012. It is expected that binding targets for emissions reductions as well as funding mechanisms for international adaptation and mitigation programs will be the most prominent issues on the agenda when countries meet in Copenhagen, Denmark later this year. The Obama Administration supports reducing domestic emissions by 15 percent by 2020 and 83 percent by 2050 using 2005 as the base year. Farm Bureau is monitoring the negotiations and communicating our concerns to U.S. government officials participating in the negotiations.

Legislation (H.R. 2454) has been approved by the House Energy and Commerce Committee to establish a cap-and-trade program; such a program would increase input costs to farmers and ranchers (and nearly all consumers and businesses) because the cost to use fossil fuels (coal, oil and natural gas) would increase. As fuel, electricity, general energy and manufacturing costs increased, those costs would be passed on to consumers. Fertilizer costs would increase as natural gas prices increase. Farmers and ranchers, however, would be uniquely affected because they have little ability to pass on such costs when selling their product; moreover, they could also suffer a competitive disadvantage in international trade markets. Climate change legislation could ultimately lead to regulation of production methods and practices – an outcome which raises significant concerns.

There are some who contend that cap-and-trade legislation could provide economic opportunities for producers through carbon sequestration programs – such as practicing no-till farming, using methane digesters, sitting wind turbines, planting trees or adopting other practices. Whether such an outcome actually occurred, however, is dependent on multiple variables. While it is possible some producers might gain some benefit, it is far more certain that all producers will face higher costs; some producers (such as fruit and vegetable producers or livestock producers in the west) would have little or no chance to capture such economic benefits; and if our trading partners do not adopt similar emission reduction strategies, we will see our international competitive position erode.

Legislative History:

In August 2005, the president signed into law the Energy Policy Act of 2005. This law requires a national strategy to promote the deployment and commercialization of GHG intensity-reducing technologies and practices. Energy legislation enacted in 2007 increased the renewable fuels standard and requires new biofuels plants to reduce GHG emissions. The new law also sets increased corporate average fuel economy (CAFE) standards for cars.

On May 21, 2009, the House Energy and Commerce Committee approved H.R. 2454, the American Clean Energy and Security Act, by a vote of 33-25. It mandates a renewable electricity standard (RES), provides a comprehensive cap-and-trade approach to reduce GHG emissions in the United States, and also contains extensive energy efficiency requirements. The bill would not directly regulate agricultural GHG emissions. The administration supports a cap-and-trade policy for reducing GHG emissions and congressional leaders have expressed their hope of passing legislation before the U.S. government representatives travel to Copenhagen in December to negotiate a multilateral agreement on GHGs.

AFBF opposes H.R. 2454 because:

- It represents a net cost to the agricultural sector;
- It fails to 'plug the hole' in our energy sector by not stimulating alternative sources of energy, like nuclear;
- It fails to specify that agricultural offsets are authorized;
- It fails to give USDA a prominent role in an agricultural offsets program; and
- It places the U.S. at a competitive disadvantage with our trading partners.

AFBF Policy:

AFBF opposes a carbon tax. We oppose mandatory restrictions on agriculture including restrictions on farming practices and farm machinery. We support development of a practical, voluntary carbon-trading system that includes complete access to the carbon markets for the full range of agricultural and forestry carbon reduction and sequestration practices to offset emission reductions imposed on regulated industries. We support additional funding for the USDA for carbon program implementation and agricultural sequestration research. We oppose regulation of GHG under the Clean Air Act.

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