STATEMENT OF THOMAS VILSACK
SECRETARY OF AGRICULTURE
BEFORE THE HOUSE AGRICULTURE COMMITTEE

JUNE 11, 2009

Mr. Chairman, thank you for the opportunity to discuss the American Clean Energy and Security Act and the role of agriculture and forests in mitigating the buildup of greenhouse gases in the atmosphere.

Climate change is one of the great challenges facing the United States and the world. The science is clear that the planet is already warming. This is an international problem that will require commitments and actions from all countries. Late this year, countries will meet in Copenhagen to seek agreement on a path to tackling climate change.

Ultimately, the world must transition from an economy that generates significant pollution and waste to one based on clean energy and new technologies. Yet, America has been on the sidelines on this issue for eight years, putting us at a significant disadvantage. We must understand that the countries that make this transition to clean energy will be in a much stronger position to prosper in the world economy. America cannot allow its economy to be left behind. America must be a leader.

As we prepare for the Copenhagen conference late this year, President Obama has made clear that American leadership is absolutely critical. President Obama has called upon Congress to pass legislation that tackles climate change, that creates millions of clean energy jobs and enhances U.S. competitiveness, that catapults American innovators into the forefront of the green energy economy, that reduces our dependence on foreign oil and that begins to make America truly energy independent.

Passing legislation in the U.S. House of Representatives would send an important message that America is ready to lead. The legislation that Chairman Waxman and the Energy and Commerce Committee have written is an important first step in putting America back into the forefront in creating a new energy economy and in addressing global climate change. In meeting the President's call for Congress to enact comprehensive legislation, the House Agriculture Committee has a critical role to play in delineating the role that agriculture and forestry can play in helping address climate change. As part of Congressional actions, what this Committee does is absolutely vital in passing comprehensive climate and energy legislation. Congressional enactment will make a significant statement to other countries around the world as to the seriousness of America's commitment to tackle this global problem. And, I believe it is critical that we engage the participation of farmers, ranchers and forest landowners so that they can both contribute to and potentially profit from efforts to reduce global warming.

This issue is too important for agriculture and forestry to sit on the sidelines. I'd like to commend the Committee for the important role it is playing in this debate. In particular, we appreciate your efforts to survey public views on options being considered to reduce

greenhouse gas emissions. The 2,000+ pages of responses to the survey released by the Committee are an indicator of the high level of public interest in the role of agriculture and forests in climate change mitigation. There is a wealth of ideas and experiences contained in the responses that can be drawn upon in developing policy. Within USDA, we are reviewing the responses you received and we thank the committee and those that responded for making this information available.

The interest that you've tapped into with this survey is similar to the level of interest we are seeing at USDA when we talk with our stakeholders around the country. There are obvious challenges with climate change for agriculture and for natural resource management. Many farmers and ranchers are concerned about the impact of climate and energy legislation on the costs of diesel fuel and other inputs. But, there are significant opportunities for agriculture and forestry as well if we seize them.

That is why when I travel around the country, I ask farmers and ranchers to look at climate change not as simply a problem but as an opportunity for those who make a living on the land. A viable carbon offsets market – one that rewards farmers, ranchers and forest landowners for stewardship activities – has the potential to play a very important role in helping America address climate change while also providing a possible new source of revenue for landowners.

The President has offered a clear vision for the future. Together with our colleagues elsewhere in the Administration, USDA is working to bring this vision into reality. We are continuing to actively review and analyze a full range of policies that implement the President's vision. We look forward to working with this Committee and other Committees, producers, forest landowners, other Federal agencies, and State, local, and Tribal governments as we work together in the creation of an effective and comprehensive solution to address global climate change and an overall market-based program.

Allowing agriculture and forests an efficient mechanism to offset the emissions of regulated companies, if properly designed, will help enable lower overall costs for everyone including those making livings off of the land.

USDA will have an important role in helping farmers improve efficiency and reduce energy and fertilizer use as well as helping farmers become self-reliant for their energy needs. A number of emerging renewable energy technologies such as anaerobic digesters, geothermal, and wind power can reduce farmers' reliance on fossil fuels. USDA research will need to contribute to the development of these technologies and our outreach and extension networks will need to help make them available to farmers, ranchers, and land managers.

The potential of our working lands to generate greenhouse gas reductions is significant. In fact today, our lands are a net sink of greenhouse gases. Based on the latest statistics from EPA's Inventory of U.S. Greenhouse Gas Emissions and Sinks, forest and

agricultural lands in the U.S. take up more greenhouse gases in the form of carbon dioxide than is released from all of our agricultural operations[i].

A wide range of practices exist to reduce greenhouse gas emissions, increase carbon sequestration, develop renewable energy, and improve energy efficiency on farms and forest lands. These opportunities take many forms. Some are relatively simple, like planting trees on marginal farmlands or shifting cultivation from conventional tillage to reduced-tillage or no-till. Some will involve advanced technologies that are currently available – such as precision nutrient management, wind power, and anaerobic digesters. To fully realize the potential for greenhouse gas mitigation from lands, we will need to go beyond what is available now and develop new farming methods and energy conversion technologies – such as advances in genomics, feed additives for livestock, and cellulosic ethanol, among others. In other areas where there is scientific uncertainty regarding global climate change adaptation and mitigation, priorities will need to be aligned to conduct research that can help inform decision-making about climate change policy, adaption, and mitigation strategies.

To capture these opportunities farmers and land owners will need to re-think business models and develop ways to partner with industries that will be their customers for greenhouse gas reductions through a carbon offsets market or through expanding markets for renewable energy.

To be effective in addressing climate change, the actions need to be implemented on a scale large enough to matter. The availability of carbon offsets from agriculture and forestry will help contribute to a comprehensive, cost-effective cap and trade program. In order to make a dent in greenhouse gas emissions nationally, we need to think about increasing the rates of continuous conservation tillage and no-till as a component of the overall emissions reduction strategy. We will need to consider planting trees on tens of millions of acres of marginal crop and pasture lands or elsewhere. Farmers across the country will need to adopt advanced nutrient management and manure management systems to reduce nitrous oxide and methane emissions. Unlike other sectors – where greenhouse gas policy could affect hundreds or possibly thousands of companies -- to be effective, greenhouse gas mitigation on the land will involve hundreds of thousands of individual farmers, ranchers, and forest land owners. The systems we establish will need to recognize the scale of the changes needed, the capabilities of farmers and land owners involved, and the infrastructure that will be required to deliver information, manage data and resources, and maintain records and registries. In addition to bringing offsets to scale, we must also ensure that the offsets markets have high standards of environmental integrity to ensure that offsets result in real and measurable greenhouse gas reductions while bolstering efforts to conserve soil, water, and fish and wildlife resources. I believe USDA can work with a wide range of stakeholders to play an important role in working with farmers, ranchers and forest landowners in both bringing offsets to scale and ensuring that offsets have environmental integrity. This will ensure, in turn, that land-use offsets fit seamlessly within the overall market-based program. This will mean that USDA and other federal agenceis will need to work well together. I am confident that we can do that.

As we think through how a greenhouse gas offset program could work in the forest and agriculture sectors, it is important to understand the specific elements that will be needed. These might include procedures to:

- Determine eligible practices;
- Establish metrics for quantifying real and additional greenhouse gas benefits;
- Establish reporting requirements;
- Provide technical assistance to landowners to familiarize them with offsets and how they might participate;
- Ensure that the activities to reduce emissions or increase sequestration have been implemented;
- Provide a repository for reporting and recordkeeping;
- Conduct audits and spot checks;
- Monitor how activities impact ecosystem functions and values;
- Monitor and account for potential losses of carbon that is sequestered; and
- Award offset credits.

Within a comprehensive effort involving private landowners, regulated entities, and Federal, State, local, and Tribal governments, USDA is well positioned to work with farmers, ranchers, and forest land owners as we work through how such a new system will function. USDA has many tools and capabilities that we can bring to bear.

USDA has built extensive networks and infrastructure to implement commodity and conservation programs in the farm sector. Our experience with these programs provides a platform that could be used to help bring an offsets program to scale. In particular, existing USDA programs and systems could be used to bolster the greenhouse gas mitigation market. USDA's ability to contribute to this effort is a result of the following experiences:

- The administration of conservation and commodity programs that involve millions of land owners on hundreds of millions of acres around the country;
- Our field technicians oversee the development of conservation plans and approve contracts;
- We certify private sector technical service providers that develop and implement conservation plans for farmers;
- USDA conducts audits and spot checks to ensure that provisions of conservation contracts and agreements are adhered to; and
- We maintain records and registries of program participants;

Let me give you a few examples of the scale of these activities that USDA provides nation-wide. Under the Conservation Reserve Program, USDA manages over 750,000 contracts with landowners who have taken environmentally sensitive land out of production. USDA's NRCS manages a network of over 1,300 registered technical service providers nationwide. To bring the offsets market to scale quickly will require significant outreach and communication with landowners. USDA is well-poised to help efforts that can make that happen.

We are also continuing to develop technical capabilities, specific to greenhouse gases. Our research programs are at the forefront of reducing uncertainties in the measurement of greenhouse gas emissions and carbon sequestration on farms and forest lands. In 2006, USDA released guidance to farm and forest landowners to allow them to estimate their greenhouse gas footprints. We are developing user-friendly tools that can help farmers and landowners make these calculations. The Department of Energy adopted USDA's technical greenhouse gas methods for use in their Voluntary Greenhouse Gas Reporting Registry.

We plan to make improvements to these technical guidelines in light of new authorities provided under the 2008 Farm Bill, and are planning a process that is rigorous, science-based, transparent, and comprehensive. We envision a process that can engage the public and the technical experts at every step to ensure that the most recent information is included and that there is high confidence in the emissions reductions produced through agricultural and forestry offsets.

In addition, USDA will need to improve upon the job we are doing in providing landowners with assistance and in ensuring that conservation activities are carried out properly.

Concerns regarding equivalence between agricultural and forestry offsets and emissions reductions in other sectors of the economy have led some to argue that many agriculture and forestry practices should be either excluded from an offset market or their benefits should be significantly discounted.

If agriculture and forests are to play a major role in addressing climate change, the benefits that carbon offsets provide need to go beyond what would have happened anyway. Quantification and reporting systems need to be rigorous, verifiable, and transparent – and review and auditing systems will need to be in place. Uncertainties must be accounted for and reduced. Greenhouse gas benefits accrued through carbon sequestration will need to be monitored over time to ensure that the benefits are maintained and that reversals are accounted for if they occur. If these principles are followed, the resulting offsets should be real, additional, verifiable, and lasting.

I would like to close by again thanking the Committee for taking up this important issue for agriculture, rural lands, and the environment. As I stressed in my opening, America must demonstrate leadership on energy and climate legislation. Doing so will benefit our economy while also making it possible for all countries to commit to address this problem. I believe that agriculture and forestry can play a vital role in addressing climate change and that, if done properly, there are significant opportunities for landowners to profit from doing right by the environment. USDA is ready to help make that happen.

---

[i] Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 * 2007. U.S. Environmental Protection Agency, 2009. EPA 430-R-09-004. Pages ES-4-6