

# Republicans dispute value of farm offsets

Published: 14 Jul 2009 20:37 CET Last updated: 14 Jul 2009 20:38 CET

Republicans on a key Senate committee said costs outweigh gains for farmers in a US carbon market.

The Senate environment and public works committee held a hearing Tuesday on the economic opportunities for farmers and foresters in reducing greenhouse gas emissions.

Senators who oppose the climate change bill passed in the House last month questioned claims that farmers can benefit from the domestic offset market the legislation creates.

The Senate environment committee will use the House-passed Waxman-Markey bill as a template as it crafts its own cap-and-trade legislation later this summer.

Committee Chairwoman Barbara Boxer told reporters today she would release her bill – or a discussion draft – around 8 September, when Congress returns from August recess.

Proponents of Waxman-Markey have argued that the bill would benefit American farmers by giving them direct access to the carbon market through its offset programme.

## High price

But Republicans said the money farmers earn from carbon offset projects won't compensate for higher energy and fertiliser costs stemming from greenhouse gas caps.

"They say that farmers can make a hefty profit by taking advantage of so-called offsets," said Senator James Inhofe, the lead Republican on the committee.

"But as farmers have discovered, these projects won't fully defray the increased energy costs and the devastating macroeconomic impacts caused by cap and trade."

Support by senators representing farm states is thought to be necessary to ensure the Senate's cap-and-trade bill can secure the 60 votes it needs for passage.

## **One billion tonnes**

The Waxman-Markey bill would allow entities to use up to one billion carbon credits from offset projects on US agricultural and forest land to comply with their emission limits.

According to the US Department of Agriculture (USDA), this is the equivalent of the sequestration potential of planting 170 million acres of trees or switching to no-till farming on 1.5 billion acres of crop land.

Provisions to the bill added at the last minute to win the support of agriculture state lawmakers, led by agriculture committee Chairman Collin Peterson, ensured its passage.

The bill now gives authority to the USDA to oversee the programme.

It also allows farmers to earn early action credits under a future emissions trading system if emissions reductions from their offset projects occurred after 1 January 2009.

## **Crop value**

Despite this, Republican Senator Kit Bond argued that farmers will lose money because planting and harvesting crops is more lucrative than using acres as a carbon sink.

“Many have suggested farmers begin planting trees to earn carbon sequestration revenues,” said Bond, who represents Missouri.

He said planting trees on a 1,900 acre farm in the state would cost \$1,200 per acre, earning the farmer around \$75 per acre in carbon credits.

If the farmer were to harvest corn and soybeans instead, they would earn 10 times as much per acre, he said.

## **Left out?**

In his testimony before the environment committee, the president of the American Farm Bureau Federation (AFBF) said offset revenues will only help some agricultural sectors.

“Participating in an offset programme will depend to a great degree on where the producer is located, what he or she grow and if his or her business can take advantage of the programme,” said AFBF’s Bob Stallman.

He said not every farmer can afford the technology to capture methane or take advantage of “no-till” farming to enhance the soil’s carbon sequestration abilities.

Agricultural methane capture and no-till farming are two common types of offset projects that are expected to dominate the domestic offset market.

Stallman said that in order for his organisation to support the passage of a Senate cap-and-trade bill, it will require several changes.

He told reporters after the hearing that the bill should state that domestic offsets will be favoured over international offsets, and that the cap-and-trade system should contain a provision that suspends the programme if energy prices get too high.

### **Benefits trump cost**

Others argued that a well-designed cap-and-trade programme will be a boon to all farmers, ranchers and forest land owners.

William Hohenstein, director of the global change office at the USDA, said the Waxman-Markey bill provides a good framework for reducing agriculture sector emissions.

“USDA believes that the opportunities from climate legislation will likely outweigh the costs,” he said in his testimony.

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