

Climate Change Legislation: Benefits Must Outweigh Costs*By John Hart*

The talk on Capitol Hill is not to expect climate change legislation to become law this year, but do expect Congress to take action before the 2010 elections. Any delay in sweeping climate change legislation is welcome news for America's farmers and ranchers because whatever action Congress takes could have a profound and permanent impact on production agriculture.

Congress should not push through such important legislation in a rushed, haphazard way. Experts agree that efforts to reduce greenhouse gases will impact all sectors of the economy and will be costly to all. Climate change may well be the most serious, far-reaching issue the 111th Congress handles, even more critical than health care reform.

Farm Bureau has a clear message to Congress on climate change legislation: the benefits must outweigh the costs. Any cap-and-trade program must make economic sense for U.S. agriculture. Doing so means giving the Agriculture Department a prominent role in administering any offsets program and assuring that agricultural offset projects are spelled out in the legislation.

There's no question a cap-and-trade program will impose costs on farmers and ranchers because of the reliance of modern farming on energy, everything from diesel for tractors, propane for grain drying and natural gas for the making of fertilizer, not to mention normal utility costs. Livestock producers are especially vulnerable because some might not have the same opportunity for capturing offset benefits that others might have.

In the end, consumers will be the ones paying the higher bills—through utility rates, fuel costs, and higher price tags on virtually all consumer goods, including food. This fact means our nation's poor may be the hardest hit. Any climate change legislation must take into consideration the complex needs of a very diverse U.S. agricultural industry; it must not unduly increase agriculture's operating costs and reduce U.S. competitiveness abroad.

If Congress expects to wean the American economy off of its use of fossil fuels, it is imperative that any legislation adequately provide for alternative sources of energy that will "plug the hole" created when fossil fuels are reduced; otherwise, energy costs will escalate drastically. A particular vulnerability in this area is fertilizer; the domestic fertilizer production industry has been critically weakened and might disappear altogether if the wrong policy is implemented. Fertilizer manufacturing is very sensitive to the cost of natural gas, which is the primary input in fertilizer production.

Fertilizer manufacturing illustrates another critical point Farm Bureau has impressed on policymakers. If Congress truly believes that this is a global problem, then a global action plan is the only appropriate response. A decision by the U.S. Congress without binding commitments from other nations, such as China and India, would harm American competitiveness because raising production costs here in the U.S. while allowing those companies to avoid such costs will only drive production overseas.

If given the chance, agriculture has enormous potential to reduce greenhouse gas emissions and to sequester carbon in soils, thereby playing a significant role in greenhouse gas reduction. Any legislation must recognize this potential and allow agriculture to "offset" carbon emissions which will help reduce the costs to consumers and provide additional environmental benefits such as clean water and wildlife habitat.

Congress must listen to American agriculture before it passes a climate change bill that President Barack Obama is expected to sign. America's farmers and ranchers and America's consumers deserve no less.