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Competing in the 21st Century: Demands
For Environmental Quality

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COMPETING IN THE 21ST CENTURY:

Demands for Environmental Quality

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Helping Agriculture Comply With
Environmental Requirements

ENVIRONMENTAL QUALITY ISSUES

Water

Air

Endangered Species

Ecosystem/Watershed

Reducing Air Pollution and Improving Productivity: The Dairy Industry Example

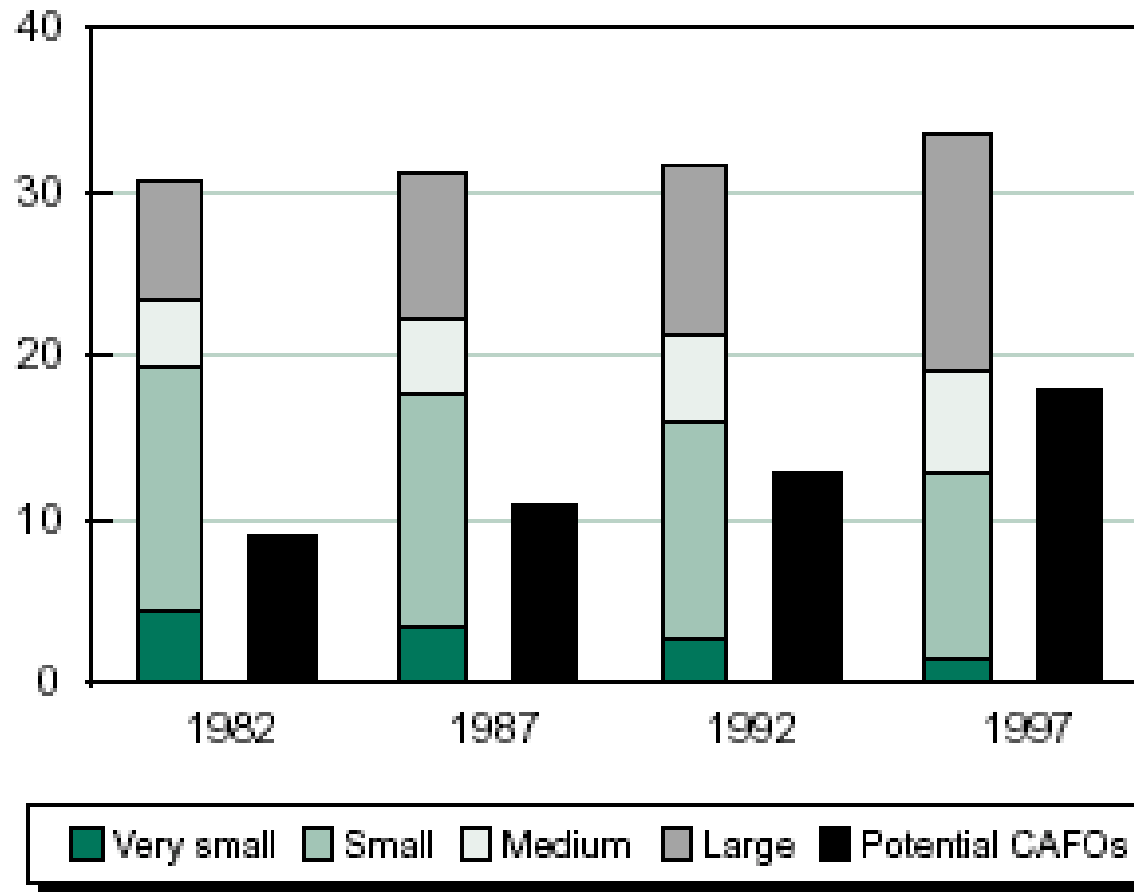
| | 1960 | 1990 |
|------------------|----------------|----------------|
| Milk/cow/yr | 3195 kg | 7000 kg |
| CH4/cow/yr | 76.1 kg | 114.6 kg |
| CH4/Kg milk | 24 gms | 17 gms |
| Dairy Cows | 17.5 million | 10.1 million |
| Total milk | 55.9 mil. Tons | 65.6 mil. Tons |
| Total CH4 | 1.33Tg | 1.16 Tg |

10 million tons more milk and 170,000 tons less methane than 30 years ago

Consolidation

Confined animal units, by size class, 1982-97

Mil. AU



TOOLBOX

1. Environmental Law

- Old Laws
- Litigation as a Bellwether
- Need to Quantify
Agricultural Benefits

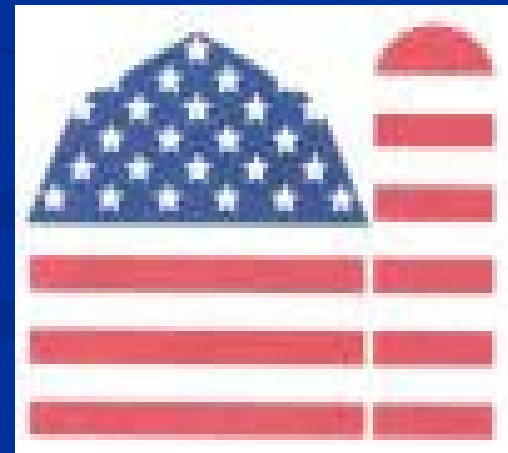
TOOLBOX

2. Farm Bill Conservation Programs Economic Incentive

- Land Retirement (CRP, WRP)
- Working Land (EQIP, CSP, WHIP)

Economic Disincentive

- Swampbuster



TOOLBOX

3. Best Management Practices
4. Private Sector Trading Programs
(Air, Water, Carbon Sequestration)
 - Quantifiable
 - Permanent
 - Surplus
 - Enforceable
 - Original amounts in inventory

CHALLENGES

Outdistancing Litigation

Innovation/Incentives

Measuring Progress

Sustainability

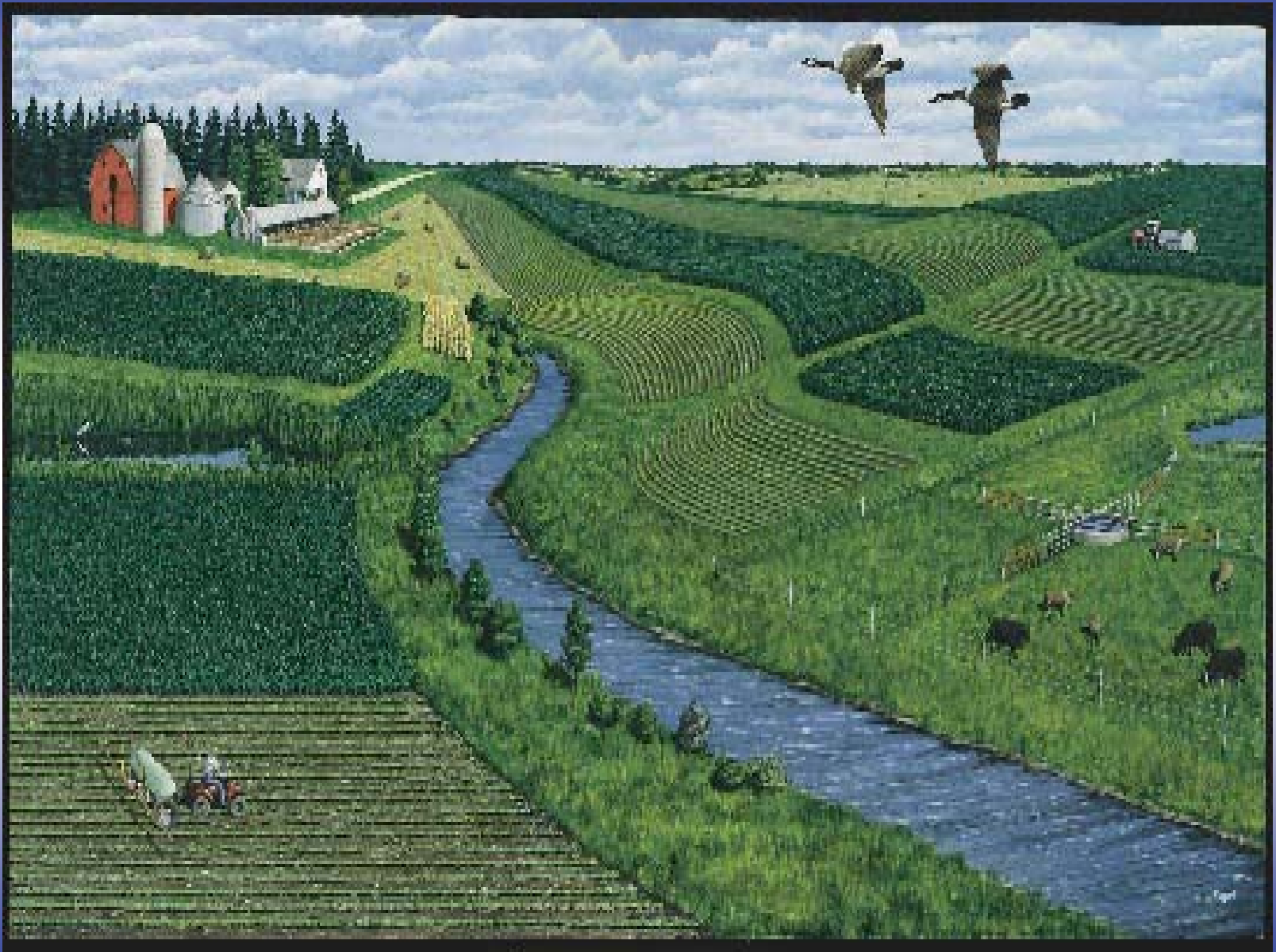


Photo courtesy of USDA NRCS