EXTERNAL FORCES AFFECTING CONSERVATION

Don R. Parrish
Senior Director
Regulatory Relations
American Farm Bureau Federation
Conservation and the Farm Bill

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Outline -

- Overview
- Politics
- Internal/External Forces
- The $MONEY$
- Long-term Outlook
Conservation Programs

- Land Retirement
  - CRP
  - WRP
- Working-Lands
  - EQIP
  - Continuous CRP
  - WHIP
  - CSP
- Land Preservation
  - FRPP
  - GRP
- Technical Assistance
- Compliance
  - Conservation Compliance
  - Sodbuster
  - Swampbuster
Chairmen of both the House and Senate Ag Committees are hearing that farmers like the current Farm Bill

*Political Dynamic* has changed

White House wants to be a significant player in the next Farm Bill
Internal/External Forces
Near-term Outlook

- Some environmental/conservation interests want more resources shifted from commodity programs to conservation programs.

- Other environmental/conservation interests want more of the existing conservation resources focused on land retirements.

- Farmers and ranchers are interested in maintaining balance:
  - Within and Among
    - Commodity funding
    - Land retirement programs
    - Working lands programs.
Initial Policy Forums

Farmers and ranchers anticipate change

Wants –

- Better safety net
- Rewards for conservation
- Help adjusting and transitioning
- Regionalization
- Support for National priorities – energy, food security, rural development
Initial Policy Forums

- Environmental/Conservation groups anticipate change
  - Wants –
    - Habitat friendly agriculture
    - Measurable ecosystem improvements
    - Land retirements
    - Conservation Compliance
    - Programs that restore water quality and increase water quantity
    - Programs that address carbon emission/climate change
Conservation Realities

- From 1985 – 2002, most conservation dollars went to retire land from crop production.
- In 2002 – Congress authorized an 80% increase in conservation funding over previous programs – mostly directed at “working lands programs.”
Issues Revolving Around the 2007 Farm Bill

- Income support
  - Direct income supports
  - Indirect price supports
  - Crop Insurance
- Environmental programs
  - Conservation Compliance
  - Land retirement
  - Cost share
  - Land Preservation
  - Green payments
  - Technical Assistance
Agricultural Diversity

- Over the last 50 years
  - Production has doubled
  - Farm numbers dropped by 2/3
- 150,000 – 250,000 farmers produced most of our food and fiber
Agricultural Diversity (continued)

- Program Crops – cotton, corn, soybeans, wheat, rice, barley, grain sorghum, dairy and sugar

- These products, grown on almost every farm in the 1930s, are produced today on approximately 30% of all farms and account for just 20% of the total value of agricultural sales. *(Food and Agricultural Policy- USDA)*
Agricultural Diversity
(continued)

In 1999 –

- Net Farm Cash Income = $55.7 billion
- Off-farm Sources = $124 billion
Drivers of Change

- Globalization and competition
- World Trade Rules
- Technology
- Federal Budget and attitudes about appropriate level of entitlements
- Public preferences
- Profitability
- Market based environmentalism (Trading)
Future Farm and Conservation Policy

What is WTO green box –

The amount of payment shall be limited to the extra costs or loss of income involved in complying with government programs.
The Future of Conservation Policy

- Currently a blank page
  - Rewards good performers
  - Achieve the most Benefit per $ expended
  - Assists with regulatory compliance
  - Incentive-based rather than regulatory
2005 CBO Conservation Funding Baseline and % of Total Ag

- 2006 ... $4.3 Billion ... 22.2%
- 2007 ... $4.6 Billion ... 27.5%
- 2008 ... $4.7 Billion ... 31.9%
- 2009 ... $5.3 Billion ... 35.5%
- 2010 ... $5.2 Billion ... 35.6%
Future Farm and Conservation Policy

- Political, state and regional differences will become more important –

- Profitability will always be THE key to environmental performance –
  - Voluntary and incentive based
  - Compliance driven
Future Farm and Conservation Policy

- Agriculture owns and/or manages 2/3 of the Nation’s land
- Agricultural “output” will likely be broadly defined –
  - Rural landscape amenities
    - Wildlife habitat
    - Wetlands
    - Water and Air quality
  - Food security
  - Fiber
  - Timber