

Juha Siikamäki
Resources for the Future

**Agriculture, the Environment, and
the Farm Bill**

An RFF First Wednesday Seminar
February 7, 2007
12:45 – 2 pm

Today's Discussion

- Linkages between the Farm Bill and the environment
- Agro-environmental payments in the US
- Promises, issues and problems
- Future directions

Agro-Environmental Payments – Examples of Potential Objectives

Things that we would like to get more of

- Open space, landscape
- Recreational opportunities
- Wildlife, endangered species, and their habitat
- Carbon sequestration

Things we would like to get less of

- Nutrient runoff
- Air emissions (methane, CO₂, odor)

Agro-Environmental Payments -- Some Basics

- Key characteristics
 - Compensate for environmentally friendly production practices
 - Pay for the generation of environmental benefits
 - Voluntary participation by farmers
- Watch out for different definitions!
 - Agro-Environmental Payments
 - Green Payments
 - Payments for Ecosystem Services (PES)

The Farm Security and Rural Investment Act of 2002 (Farm Bill)

- Federal legislation authorizing and guiding
 - agriculture
 - rural development
 - soil and water conservation, and
 - domestic and foreign food aid

Farm Bill outlays (2007 budget)	\$billions
Food, nutrition, consumer service	\$54.1
Commodity Programs	\$16.4
Nat. res, environment, conservation	\$5.2
Forest Service	\$5.1
Crop Insurance	\$3.6
Research, education, economics	\$2.4
Foreign food assistance	\$1.5
Other	\$4.5
Total	\$92.8

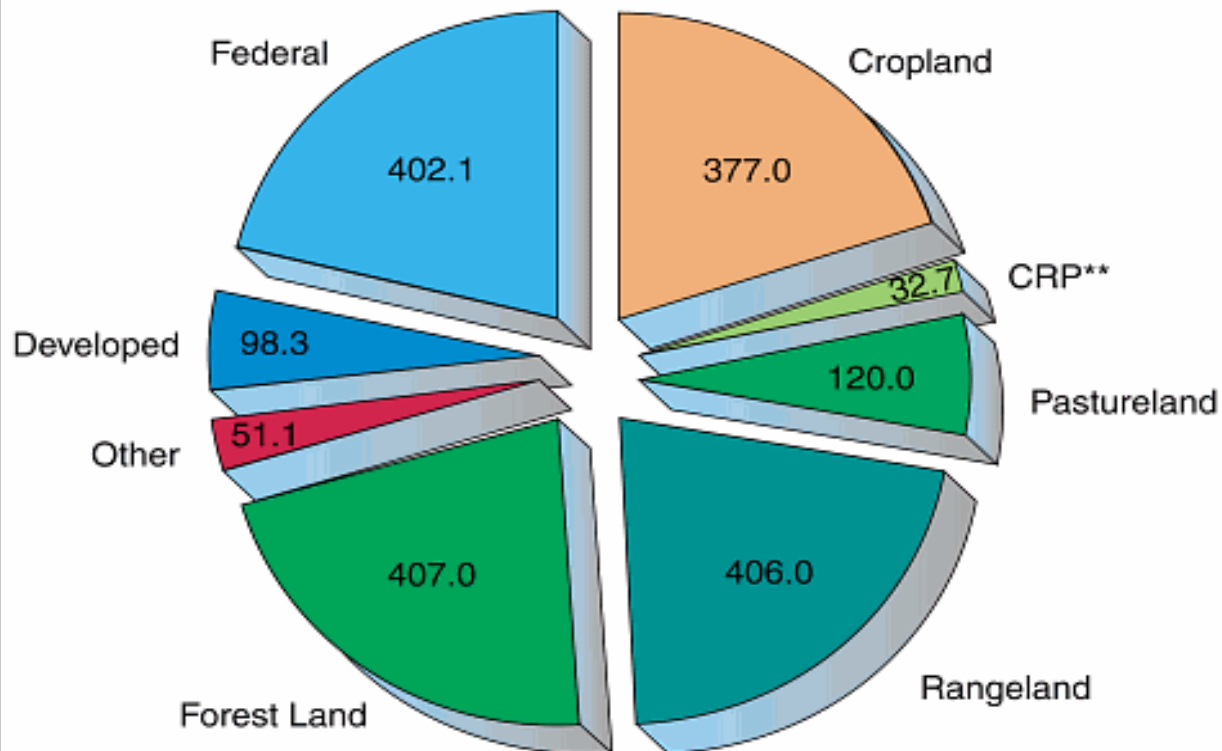
Farm Bill outlays (2007 budget)	\$billions
Food, nutrition, consumer service	\$54.1
Commodity Programs	\$16.4
Nat. res, environment, conservation	\$5.2
Forest Service	\$5.1
Crop Insurance	\$3.6
Research, education, economics	\$2.4
Foreign food assistance	\$1.5
Other	\$4.5
Total	\$92.8

Why discuss spending priorities?

- Farm Bill 2002 expires in Sept 2007
- USDA's Farm Bill 2007 proposal released last week
 - No radical changes proposed
 - Some reductions in the overall agricultural spending
 - Most environmental programs roughly at earlier levels or expanding slightly (some 7.8 billion in 10-years)
- Favorable economic situation in the agricultural sector
- International trade agreements
- Improve environmental performance

How Our Land is Used

Millions of Acres*



*Non-Federal Land 1,492 million acres, including conterminous United States, Hawaii, Puerto Rico, and U.S. Virgin Islands.

Source: USDA, Natural Resources Conservation Service
1997 National Resources Inventory
Revised December 2000

**Conservation Reserve Program Land

Our Panelists

Kaush Arha, Stanford University

Woods Institute for the Environment, Stanford University

Sandra Batie, Michigan State University

Elton R. Smith Professor in Food and Agricultural Policy
Department of Agricultural Economics, Michigan State
University

Marca Weinberg

Chief, Resource, Environmental and Science Policy Branch
Economic Research Service, USDA

Ground Rules

- 12 min presentation each
- Questions and discussion after all presentations