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April 26, 2021

United States Department of Agriculture
Office of the Chief Economist
Seth Meyer, Chief Economist
1400 Independence Ave SW,
Room 112-A Mail Stop 3810
Washington, D.C. 20250
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RE: Notice of Request for Public Comment on the Executive Order on Tackling the Climate Crisis at Home and Abroad

Dear Dr. Meyer,

The National Cotton Council (NCC) appreciates the opportunity to comment on the United States Department of Agriculture's (USDA) "Notice of Request for Public Comment on the Executive Order on Tackling the Climate Crisis at Home and Abroad." The NCC is grateful for the opportunity to provide feedback on how to properly utilize USDA programs, funding, and their financial capabilities to encourage the adoption of climate-smart agricultural practices. For years, our growers have utilized best-management practices through the adoption of cutting-edge technology, soil conservation, and efficient energy and water use not only to the benefit of natural resources but to enhance profitability.

The NCC is the central organization of the United States cotton industry. Its members include producers, ginner, cottonseed processors and merchandizers, merchants, cooperatives, warehousemen and textile manufacturers. A majority of the industry is concentrated in 17 cotton-producing states stretching from California to Virginia. U.S. cotton producers cultivate between 9 and 12 million acres of cotton, with production averaging 12 to 18 million 480-lb bales annually. The downstream manufacturers of cotton apparel and home furnishings are in virtually every state. Farms and businesses directly involved in the production, distribution and processing of cotton employ more than 125,000 workers and produce direct business revenue of more than \$21 billion. Annual cotton production is valued at more than \$5.5 billion at the farm gate, the point at which the producer markets the crop. Accounting for the ripple effect of cotton through the broader economy, direct and indirect employment surpasses 280,000 workers with economic activity of almost \$100 billion. In addition to the cotton fiber, cottonseed products are used for livestock feed and cottonseed oil are used as an ingredient in food products, as well as being a premium cooking oil.

The cotton industry's creation of the U.S. Cotton Trust Protocol gives us the tools to bring quantifiable and verifiable goals and measurements in sustainable cotton production to the discussion as we continue to move towards improvement in six key sustainability metrics of land use, soil carbon, water management, soil loss, greenhouse gas emissions, and energy efficiency. The Trust Protocol is designed from the ground up to address the unique regulatory and larger growing environment of the United States cotton belt.

The cotton industry is unique with mass-scale precision irrigation and fertilization based on in-field measurements, utilizing big data and automation to better increase efficiency, and focusing on methods to improve soil health. Through the Trust Protocol we have the tools to verify our sustainability credentials that are proven through our partnership with Field to Market.

As USDA develops a strategy to incentivize the adoption of climate smart agricultural practices, NCC strongly encourages inclusion of early adopters of any practices/actions in any program incentives/payments. Early adopters should not be penalized for being pioneers of innovation, which would convey a message that USDA does not encourage or recognize the novel practices that are providing benefits to production systems and society.

It is also critical that grower funding for climate benefits not subtract from programs that comprise the farm safety net and existing conservation programs. USDA should develop procedures that encourage grower participation throughout all production regions while recognizing climate-smart regional and sub-regional production practices. Adoption of practices must be voluntary in nature and not linked to farm program eligibility.

The National Cotton Council is concerned that global attention to climate change is allowing policy and climate markets to evolve without the necessary scientific data (and capability to efficiently acquire the data) for appropriate policy regulations. A framework that establishes technical guidance and facilitates producer participation will be vital to building grower confidence in the carbon marketplace. Legislation, such as the Growing Climate Solutions Act of 2021 making its way through the Senate, gives USDA the tools to form a producer-led Advisory Council that would establish protocols and standards for carbon markets.

Climate-Smart Agriculture and Forestry Questions

- A. How should USDA utilize programs, funding and financing capacities, and other authorities, to encourage the voluntary adoption of climate-smart agricultural and forestry practices on working farms, ranches, and forest lands?
 1. How can USDA leverage existing policies and programs to encourage voluntary adoption of agricultural practices that sequester carbon, reduce greenhouse gases emissions, and ensure resiliency to climate change?

Consideration of voluntary adoption of climate-smart agriculture by crop producers should be recognized as a mitigating factor to address the current "climate crisis." The actions needed to sequester carbon that addresses the current "climate crisis" can be achieved most rapidly through partnerships with agriculture. USDA should increase investments in agricultural programs capable of addressing preservation of societal

benefits while increasing production to meet affordable food and fiber needs of a growing population. USDA should promote production agriculture as a climate-smart innovator to counter the perception of agriculture's negative climate impacts.

Addressing the needs of carbon sequestration and/or emission reductions must be balanced with the needs to maintain sufficient global food, feed, and fiber security. USDA must evaluate potential negative consequences and/or limitations of practices by region to ensure preservation or enhancement of agricultural production. Practices are not feasible for all locations due to climate conditions, soil types, access to water, and numerous other factors. Yet, producers continue to strive to identify cost-effective enhancements for their farm.

Opportunities exist through the utilization of existing USDA conservation and rural energy programs by prioritizing increased incentives targeting climate outcomes such as no-till, conservation tillage, cover crops, and programs for non-working lands. USDA should focus research to address regional limitations and seek solutions that would encourage practice participation. USDA should also ensure program compatibility and reward participants in industry driven sustainability initiatives such as the U.S. Cotton Trust Protocol.

For new programs, USDA should not include any arbitrary eligibility limitations based on income, acreage, or other qualifications to ensure that these programs have the broadest appeal for participation. For existing programs, USDA should consider utilizing all authority to issue waivers to regulations that hamper entry into programs based on eligibility for climate smart applications.

2. What new strategies should USDA explore to encourage voluntary adoption of climate-smart agriculture and forestry practices?

While there are tremendous opportunities in production agriculture for carbon sequestration through soil conservation and soil health practices, USDA should also look to reward practices that reduce carbon dioxide (CO₂) equivalents such as nitrous oxide and methane. The focus of greenhouse gases should revolve around CO₂ and CO₂ equivalents for measurement standardization.

USDA could implement this strategy by ensuring that best management practices on fertilizer metrics are current. USDA should research and utilize cost-sharing opportunities for increased fertilizer efficiency through regional and local application benchmarks. Incentives could be applied to each unit of fertilizer based on specific crop-geographic needs to achieve production potential/goals.

- B. How can partners and stakeholders, including State, local and Tribal governments and the private sector, work with USDA in advancing climate-smart agricultural and forestry practices?

Climate-smart agriculture must be adaptable to the individual producer based on their operational needs and economic benefits. Regional and local land grant extension personnel will influence the adoption of climate-smart agricultural practices. Regional consultants and extension specialists can utilize the scientific data and communicate tools to support the agronomic, economic, and weed and pest management benefits to the grower. USDA should allow local partners to adopt proposals through grants that address regional and local resource needs such as the Regional Conservation Partnership Program which are utilized through the Natural Resources Conservation Service.

USDA could urge private stakeholder partnerships to enhance the scientific data supporting verifiable sequestration of carbon through practices identified as geographically practical. Partnerships could increase funding for research activities or provide in-kind values of benefit to the research needs.

- C. How can USDA help support emerging markets for carbon and greenhouse gases where agriculture and forestry can supply carbon benefits?

USDA should ensure emerging markets are relying on sound scientific methodology that does not conceal long-term risks to agricultural participants. USDA should develop guidance for interested agricultural and forestry participants assisting careful consideration of validity of emerging markets for carbon and greenhouse gases, including any potential costs associated with future verification requirements.

The conversation around grower participation in carbon markets centers through the adoption of new practices that will result in the sequestration of additional carbon from the atmosphere. Yet, little discussion entails compensating early adopters of conservation methods who have long understood the environmental benefits as well as the production enhancements of conservation. Government incentives that encourage additional reductions in greenhouse gases must recognize and equitably reward producers who are currently implementing these practices on the farm.

USDA could also play an instrumental role in building demand for the carbon marketplace. Many of the current compensation rates in private markets for carbon sequestration provide little incentive for grower participation in carbon markets. USDA should research providing a price baseline that will entice growers and encourage participation.

- D. What data, tools, and research are needed for USDA to effectively carry out climate smart agriculture and forestry strategies?

Additional data is needed on in-field carbon sequestration measurements specifically as it relates to crop and cover crop combinations. Benchmarks on data must be regionally sourced that consider climate resource needs at the local level. Focus should also be enhanced to measure nitrous oxide emissions associated with nitrogen application rates, source, method, crop, and weather influences with additional measurements needed on

carbon and greenhouse gas sequestration with no-till and conservation tillage methods. Standardized protocols are needed for sampling and processing samples to ensure uniformity of measurements.

- E. How can USDA encourage the voluntary adoption of climate-smart agricultural and forestry practices in an efficient way, where benefits accrue to the producers?

Cotton growers are familiar with USDA conservation programs such as the Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP) that provide cost share funding opportunities for implementing on-farm conservation practices. These programs also create a mechanism that would allow for additional payments for growers participating in carbon sequestration and/or equivalents.

The cotton industry has recognized the growing consumer demand and requirements for sustainability through the creation of the U.S. Cotton Trust Protocol. NRCS would be well served by offering enhancements that would encourage farmers to enroll in, and input their data to, sustainability programs such as the Trust Protocol. The Trust Protocol and similar industry programs have been, or are being, developed by most major commodity organizations, as well as other groups, that require producers to show continued improvement with goals and objectives very similar to those of NRCS. Having this sustainability data would be a powerful tool to show the American taxpayers and global consumers the great conservation work of America's farmers. From a fiduciary standpoint, since these programs require continued improvement, it makes sense for NRCS to offer participation enhancements. NRCS programs are highly competitive; at a minimum, the agency should offer a ranking increase to those producers who are participating in a recognized sustainability program as these producers are demonstrating their ongoing commitment to conserving the land and natural resources.

The National Cotton Council is grateful for the opportunity to offer input into USDA's promotion and development of climate-smart agricultural practices. We appreciate your consideration of this comments.

Sincerely,



Kent Fountain
Chairman
National Cotton Council