

June 18, 2009

The Honorable Collin C. Peterson
Chairman, Committee on Agriculture
U.S. House of Representatives
2211 Rayburn House Office Building
Washington, D.C. 20515



The Honorable Frank D. Lucas
Ranking Member, Committee on Agriculture
U.S. House of Representatives
2311 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Peterson and Ranking Member Lucas:

The National Pork Producers Council (NPPC) acknowledges the House Energy and Commerce Committee for its work on the complex challenges posed by climate change. However, America's pork producers are intensely concerned over any policy proposals that will further raise their cost of production or affect competitiveness. While H.R. 2454 has been crafted to somewhat minimize its impacts on the pork industry, the overall burden climate change legislation would place on our businesses and farms would be too great to overcome. As a result, in its current form, NPPC opposes passage of H.R. 2454, the "American Clean Energy and Security Act of 2009."

Our particular sensitivity at this point is driven in part by the economic crisis that pork producers have been in for nearly 20 straight months – where the cost of raising a pig exceeds the price a producer receives for that pig. The recent scare over the H1N1 virus, and the resulting loss of some export markets, has only exacerbated this crisis.

In particular, producers fear the impact that H.R. 2454 will have on the cost of electricity, diesel fuel, grain, propane, animal health products, fertilizer, chemicals, farm equipment and materials such as steel and concrete that are necessary for the continued operations of their farms and well-being of their animals. Pork producers are already losing money for every pig sold – currently about \$30 per hog – and any additional costs will simply drive them deeper and more firmly into financial despair

If Congress insists on passing a climate change bill, the pork industry believes that protections for pork producers – and all livestock agriculture – need to be included in it. In our June 11, 2009, written testimony submitted to the House Committee on Agriculture, NPPC indicated that a market-oriented cap-and-trade system for addressing greenhouse gas emissions, such as the one included in H.R. 2454, is preferable to either a carbon tax or a stringent command-and-control approach. H.R. 2454's treatment of agriculture as a valuable source of emission offsets, and not a capped sector, is an essential component for the ultimate success of any cap-and-trade system.

NPPC also identified a number of areas where H.R. 2454 must be improved for pork producers to support its passage. Foremost among these is that the bill designate USDA as the lead agency on the design and implementation of the agricultural offsets program

and on the development of any regulations affecting livestock producers. USDA has the institutional resources and the successful long-term track record of dealing with agricultural producers, which are vital to ensuring an understanding of the unique nature of agriculture. This includes ensuring that producers currently using emissions-reduction technologies are allowed into the offsets program and having the capability of verifying the adequacy of agricultural offsets through research, statistical sampling and spot checks.

The bill also needs to more clearly address and account for the tremendous advances that livestock producers have already made in reducing their carbon footprint. U.S. livestock agriculture is a tremendous example of how the world can produce the goods and services people need, in this case the very food we eat, while producing less GHGs per calorie of food.

In our view, it makes far greater public-policy sense to consider total food needs -- given the size of a population, its income levels and preferences and needs for food products -- and then consider how well a particular food production system meets these needs while also conforming to other societal objectives, such as food safety, affordability and a minimal environmental footprint, including fossil fuel use and GHG emissions. Since 1990, production agriculture's greenhouse gases have only increased 3.5 percent, while at the same time total U.S. meat production has increased 40 percent. This means almost 30 percent less in total livestock sector GHG emissions per pound of meat produced from 1990 to the present. Between 1948 to the present, while the manure generated by U.S. meat producing animals has been reduced by 25 percent, the production of meat from the animal herd has increased by 700 percent.

Pork producers are also concerned about the bill's impact on trade opportunities and ensuring a level playing field across international markets. Great care must be taken in implementing the bill's measures to avoid possible WTO disputes and to eliminate them or minimize them to the fullest extent possible. In this vein, the bill needs to require USDA and EPA to work in close consultation with the United States Trade Representative on the impacts on trade of any domestic or international GHG action.

While U.S. pork producers still have significant concerns with H.R. 2454, we recognize that it is an important first step in addressing the challenges of climate change, and we look forward to continuing to work with Congress on drafting a bill that takes account of all the issues facing livestock agriculture. However, until these important adjustments are made, the U.S. pork industry simply cannot support H.R. 2454.

Thank you for your time and attention to this important matter.

Sincerely,



Don Butler
President
National Pork Producers Council

The Global Voice for the U.S. Pork Industry