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March 2, 2004

David McKay, Conservation Operations
Natural Resources Conservation Service
PO Box 2890
Washington, DC 20013-2890

Attn: CSP

Dear Mr. McKay:

Farm Aid, Inc. is writing to you today as a public charity organization based in Somerville, MA that has dedicated itself over the past 18 years to keeping our family farmers on the land producing healthful food for us all in an environmentally sound, socially just and economically sustainable manner. We have, over those years, directed more than \$24 million to support that effort through grants to family farm organizations and through programmatic activities directed by Farm Aid.

Farm Aid supports the Conservation Security Program (CSP) as a nationwide conservation effort specifically targeting working farmlands and ranchlands. As enacted by Congress, the CSP would reward those independent food producers who have taken the initiative to employ first rate land stewardship practices in their endeavors and would encourage all other producers to strive to increase their land stewardship efforts.

We believe that a family farm based food system is our best hope for encouraging this "caring" approach to the land we depend on for the production of our food. We also believe that land stewardship is a critical element in the overall effort to strengthen and secure a viable economic future for our family farmers. We want to make clear that the Conservation Security Program can be a useful tool for encouraging strong land stewardship practices but *only* if the USDA's proposed rule for implementation is changed to reflect the original intent of the program.

The proposed rule issued on January 2, 2004 has missed the measure on Congressional intent by a wide margin. There are major problems with the rule that render it inconsistent



with the law authorizing CSP. It is also inconsistent with the funding allocated by Congress, which restored CSP to its uncapped, national entitlement program status. Farm Aid suggests that the United States Department of Agriculture (USDA) issue a supplement to the rule. *This step should be taken immediately, and this supplement should be open to public comment for 30 days.*

Farm Aid recommends the following changes in the proposed rule:

First, the "preferred approach" set forward in USDA's proposed rule would prevent most farmers from gaining access to the program. All farmers nationwide who are engaged in conservation practices on their farms should be eligible for CSP. That is what Congress intended and that is the program Congress funded. The rule should be changed to reflect that intent.

Second, the USDA's proposed rule does not provide adequate payments to farmers who are already practicing sound conservation and environmentally sound farming techniques. Those who are already doing good work should be rewarded; it is the best way to motivate all farmers to build on their previous efforts, while encouraging others to begin implementing the kinds of conservation practices envisioned when the program was approved.

Third, the rule must recognize and reward managed crop and livestock grazing rotations as well-established and documented environmental benefits. Both are identified as areas for enhanced payments under the establishing legislation. The final rule should provide substantial enhancement payments for these systems and offer payments for management of existing conservation practices.

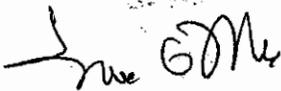
Fourth, the rule should not penalize farmers who opt to shift cropland to pasture to launch rotational grazing systems. This land in transition should receive payments equal to those for other cropland, and not a lower rate for pasture. Further, the rule should establish base payments based on Natural Resource and Conservation Service (NRCS) land capability classes, not current land use.

Fifth, if farmers engaged in certified organic production are also engaged in qualifying CSP production methods, they should be allowed to certify for both the National Organic Program and CSP at the same time. This would be a great way to cut some of the red tape and add benefit to the program.

Sixth, the NRCS should adopt the one producer/one contract approach to CSP contracts. This is a tremendous way to provide fairness to all producers, and serves as a guard against program fraud and abuse. Attribute all CSP payments to real persons, not various corporate or business enterprises. Also, maintain the payment limits established in the law.

Finally, contracts under the CSP program should be renewable, to aid in creating an ongoing conservation program. The proposal to limit the program to one-time contracts except in special circumstances is in conflict with the law, and is contrary to the original intent of the legislation to secure ongoing conservation of our nation's natural resources, both on the farm and in the broader community.

Sincerely,

A handwritten signature in dark ink, appearing to read "Carolyn Mugar". The signature is stylized and written in cursive.

Carolyn Mugar
Executive Director
Farm Aid
Somerville, MA

MONSANTO



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March 2, 2004

Conservation Operations Division
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ATTN: Conservation Security Program

Monsanto Company is pleased to submit our comments to the Proposed Rule for the Conservation Security Program (CSP) published in the Federal Register on January 2, 2004. Monsanto Company supported the CSP during the farm bill debate and believes it can be an effective program if implemented correctly. CSP is a national program that was written to benefit those producers and ranchers who practice good stewardship on *Working Lands*. This program will nationally promote practices that will enhance environmental quality, wildlife and fisheries habitat, water and air quality, as well as energy efficiency and nutrient management. We look forward to continuing to work with the agency through the process of promulgating a Final Rule and implementing the program.

When the proposed draft regulations for the CSP were issued in December of 2003, they were written with the understanding that CSP would be a "capped entitlement program" and that funding would be limited. Therefore, restrictions were proposed to get the most returns for CSP activities in light of the limited funding available. However, the 2004 Omnibus Appropriation Bill removed the funding cap on the CSP and the program was restored to a mandatory funding program. Given this development, there is a need for USDA to issue a supplement to the proposed rules to take the current funding situation into account. As currently written, the proposed rule would severely limit farmer participation in CSP. It is our recommendation that the proposed rule be modified to address the following areas of concern.

1. Eliminate the watershed priority approach -- The Farm Bill approved CSP gave no preference to priority watersheds. Given the current funding situation, the proposed rule should be modified to remove the watershed limitation and provide all producers the opportunity to qualify and participate in CSP. The priority watershed approach was attempted with the original EQIP program (1997) that drew significant criticism. Because of these criticisms, Congress and USDA did away with that approach in the new EQIP program (2002). The watershed priority approach did not make sense for EQIP and it does not make sense for the CSP.

However, if the watershed priority approach is used, we would recommend targeting those watershed areas where soils are highly permeable and the potential for pesticide movement is high as identified by EPA product labeling (e.g. the Minnesota River Basin). Protecting these priority areas would guard against groundwater contamination, while at the same time reducing soil and wind erosion.

Should the budget process further restrict CSP funding in the future, we recommend some alternatives to the watershed priority approach: (a) over time all producers in a state should be afforded the opportunity to participate in CSP. This can be done on a progression basis where a certain percentage of the watersheds in each state receive funding each year until all the watersheds in that state have been included over the duration of the program. The amount spent on each watershed should be proportional to the amount of eligible land that meets the CSP criteria. The watersheds can be selected at random

each year to insure fairness. (b) A second approach could be that a fixed amount of funds are directed toward priority watersheds in each state and a fixed amount of funds are directed to producers in non-priority watershed areas who have implemented sound conservation practices. This could be a 50/50 split or 75/25 split of the funding that each state receives. In addition, the prioritization of the watersheds should be established at the state level, not at the national level. Both of these approaches would provide greater participation level, be more equitable to producers who have earned the right to participate in CSP, and make more progress in solving this nation natural resource concern.

2. Eliminate the cost-share payment restriction -- The proposed rule should allow a cost share limit of up to 75 percent as provided in the Farm Bill, which is consistent with other cost share programs. The cost share payment should be similar to what is provided in EQIP to ensure continuity among programs. Since there is no requirement by NRCS to pay the full 75 percent cost share, this matter can better be addressed internally by providing guidelines to state and local NRCS offices on how much can be spent on cost share for various practices. These rates should be on par with other cost share rates used with other USDA conservation programs. With this approach there is no need to change the CSP cost share guidelines, because it is up to the discretion of the local NRCS office on how much they want to spend on the cost share for various practices and structures.

3. Eliminate the eligible practices restriction -- The proposed rule should not reduce the list of eligible agricultural practices. Except for animal waste transport and storage, all other practices should be eligible. The proposed rule should also allow for participation by producers who agree to address any and all major natural resource concerns as provided in the NRCS Field Technical Guide by the end of the CSP contract.

4. Restore the base payment limit -- The law requires that the 2001 national rental rate or an appropriate rate adjusted for regional differences be used to establish the CSP base. The proposed rule would utilize regional, state and local rental rates and would also reduce the base payment down to 10 percent of the rate currently prescribed by law. These changes would be discriminatory to farmers in low cost land rental areas as well as farmers who already have been good stewards of the land for a period of time. This approach is counter to the slogan "reward the best and motivate the rest" because it lowers a significant portion of the payment that would go towards rewarding producers who have had a history of practicing good stewardship. The proposed rule should provide for the full base, maintenance and enhanced payments as provided in the Farm Bill.

5. Eliminate the sign up restriction -- The proposed rule should eliminate the periodic signup enrollment requirement and should allow for continuous year-round signup similar to EQIP to allow for greater producer access to the program and continuity among conservation programs.

6. Modify contract limits -- Although neither the Farm Bill approved CSP nor the proposed rule directly limit the number of contracts a producer can obtain, the proposed definition of an agricultural operation that includes all agricultural land, and other land, whether continuous or non-contiguous, under the control of the participant constituting a cohesive unit, would limit and restrict producers to submit a single contract. We believe this is a restrictive definition and should be modified to take into account the challenges that many producers face with regards to: (1) the geographic distribution of the various land units they are managing, (2) the numerous contracts they have with various landlords, (3) terms and durations of the tenant/landlord contracts, and (4) the complexity of the farm operation.

7. Adoption of new technology statements need more specificity -- We recommend that agricultural biotechnology be included as one of the technologies listed in the NRCS Field Technical Guide. As a technology provider, this recommendation is extremely important to us. The proposed rule states that NRCS favors the adoption of new technologies to address environmental issues. However the language

is vague as to what technologies could qualify. The rule should identify those technologies more clearly and include agricultural biotechnology as an appropriate technology.

Agricultural biotechnology fits well with, and is consistent with, an Integrated Pest Management approach. It helps reduce the loading of pesticides in the environment and has scientifically been shown to have a less harmful effect on the environment than traditional pest control methods. In addition, biotechnology products such as insect resistant and herbicide tolerant crops fit well into the "Management Intensity" process that NRCS has proposed by helping to: build better soil quality by facilitating the adoption of conservation tillage practices, improve water quality by reducing the use of synthetic pesticides, increase biodiversity through the reduction or elimination of some synthetic pesticides that are detrimental to beneficial insect and bioaccumulation in the food chain.

Currently, biotechnology crops are planted annually on over 150 million acres in 17 countries around the world. In the U.S., over 80 percent of the soybean acres and over 70 percent of the cotton acres have a biotechnology crop grown on them with corn quickly catching with over 50 percent of its acreage planted with a biotechnology crop.

A recent report by the National Center for Food and Agricultural Policy (NCFAP), a nonprofit research organization based in Washington, DC, concluded that the eight biotech crops grown in the United States in 2002 increased crop yields by 4 billion pounds, saved growers \$1.5 billion and reduced pesticide use by 46 million pounds in a single year. NCFAP also estimated that the 32 biotech crops still under development in the United States could further increase crops yields by 10 billion pounds per year, reduce grower costs by \$400 million per year and reduce pesticide use by 117 million pounds per year.

Growers across the country have realized significant benefits from the planting of insect protected Bt crops since their introduction. These benefits include higher yields and reduced insecticide use as well as increased grain quality for the grower's operation.

For example, just this year, Monsanto launched a new Bt corn product designed to protect corn against the corn rootworm. Corn rootworm is a damaging pest that causes over \$1 billion a year in lost revenue to America's corn growers. Corn producers in the US apply over 50 million pounds of insecticide each year to protect their plants from this pest. This new YieldGard Rootworm corn offers better control of the corn rootworm pest with less impact on the environment.

Scientific studies have reported that this new YieldGard Rootworm corn will allow farmers to increase yields by almost 5 percent. Equally important, farmers will use over 5 million pounds less insecticide, which means over 1 million fewer containers. In addition, diesel fuel consumption would be reduced by over 5 million gallons and farmers will conserve over 5 million gallons of water. Insect resistant and herbicide tolerant crops are facilitating the adoption of such soil saving practices as reduced tillage and integrated pest management.

A recent survey released by the American Soybean Association (ASA) confirmed that soybean growers have significantly increased the amount of conservation tillage farming and that the primary reason for this adoption was the availability of Roundup Ready soybean technology, including both the seed and the herbicide. Conservation Tillage (CT) farming systems reduce the amount of plowing and soil disturbance and can dramatically decrease the amount of topsoil loss from wind and water erosion. They reduce fuel consumption on the farm, decrease greenhouse gas emissions and provide a more favorable winter habitat for wildlife.

Farmers, wildlife advocates and professional wildlife managers are, in fact, discovering that they can manage Roundup ready corn and soybeans to (a) control invasive weed species prior to establishment of native grasses, (b) establish biodiverse food plots that provide food, broad habitat and winter cover for quail, pheasants, waterfowl and numerous other species, and (c) reduce potential risks to wildlife by lowering mycotoxin levels in corn and reducing insecticide usage in crops like cotton.

These and other environmental benefits make CT a desirable farming practice in many parts of the world. The ASA study is the first study that clearly identifies Roundup Ready soybeans as the primary factor for increased CT soybean acres in the US.

Key points from the ASA survey include:

- 53 percent of soybean growers are making fewer tillage passes since 1996.
- 73 percent of soybean growers now leave more crop residue on their fields compared to 1996.
- 54 percent of farmers credited Roundup Ready soybeans as the factor that had the greatest impact on their adoption of reduced tillage or no tillage soybeans.

Similar results were reported for cotton and canola. Farmers who planted Roundup Ready cotton and canola were more likely to practice reduced or no tillage farming than farmers who planted conventional varieties.

In the future, biotechnology will play a significant role in enhancing soil quality by increasing organic matter through the planting of drought and salt tolerant crops in areas impacted by moisture shortage and high salt levels. The USDA has already recognized the importance of biotechnology crops by providing its approval during the registration process of these crops for commercial use.

Thank you for your consideration of these recommendations.

Sincerely,



Michael D. Dykes, DVM
Vice President
Government Affairs
Monsanto Company