



Conservation Markets: ***How to transform agriculture and*** ***assure its economic, environmental,*** ***and political sustainability***



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The Pacific Northwest's Environmental Challenge



- Massive growth vs. a sensitive environment
 - 3-7 times more people in PNW by 2100
- Limited opportunities to mitigate/offset
 - Public lands, cities, private farms/forests
- Rising costs of environmental compliance
 - Mitigation: 5-30% of cost; \$150-300K/acre; WSDOT - \$700K; \$350mm spent yearly in PS
 - Public Utilities: \$100mm plus treatment plants
 - Carbon: \$93bb worldwide; \$100mm in US
- Increased pressure to regulate
 - Alternate futures for agriculture & society
- Increased pressure to develop
- Farmland losses - 23,000 acres/year . . . Why?

Why are we losing farmland?



PRICE!

The Ag Industry's Sustainability Challenge



- International competition – small producers
- Rising domestic costs
(labor, water, chemicals, seed, fertilizers, land . . .)
- Environmental regulatory pressure
- Increasing land cost (and disappearing land)
 - Market value vs. ag value
 - Impact on farm profitability
 - Impact on investment in ag business
- 75% of ag land has market value higher than farm value
- Ag as land extensive business

Agriculture's environmental sustainability death spirals



- More people =
 - Greater environmental impacts
 - Increased need and inclination to regulate
 - Higher land prices
 - Diminished and fragmented ag land base – more small farms – decreased desire to protect
 - Farmers need to extract more \$ per acre
 - Decreased cost effectiveness of incentives
 - Economic pressure on agriculture
 - Diminished farmer visibility and political voice
- More people = less farmland = degraded environment

Inescapable conclusions!

- ❑ The future for agriculture does not look bright
- ❑ The problems farmers face are legal and structural
- ❑ Community action is needed to address those problems – **government help** is needed

Why it is difficult for the agriculture industry to ask for help!



- ❑ Trade associations forced to address immediate problems – long term must wait
- ❑ Struggling industry reacts defensively
- ❑ Many small producers – many commodities – divided loyalties - fragmented leadership
- ❑ Rural insularity and mistrust of urbanites
- ❑ Political conservatism forswears both regulatory and fiscal solutions
- ❑ Farmers' land ownership creates mixed interest

**Limited financial self-interest in protecting farmland
or in environmental conservation**

If not the agriculture industry, then who . . . ?



The critical role of Washington's Land Trusts:

- Care about the land
- Understand the tools of land protection
- Understand the environmental role of private, active working lands
- Can work in a non-threatening way with landowners on environmental issues
- As non-profits, can advocate for change
- Are a critical link between farm and environmental community

What are Conservation Markets?

- Replacement of environmental services destroyed by growth and development
- A few examples:
 - Carbon Sequestration
 - Water Quality Trading
 - Wetland Mitigation
 - Wildlife Habitat Mitigation
 - Renewable energy
 - Water rights transactions
 - Transfer of development rights
 - Aquifer recharge protection
 - Flood mitigation
 - Etc.

Why conservation markets are good for agriculture



- ❑ Increased profitability
- ❑ Improve Ag's environmental performance
- ❑ Fund the protection of farmland
- ❑ Institutionalize incentives vs. regulations

Why ecosystem markets are good for the environment



- ❑ Lower costs for environmental gains (farmers can provide these services a lower cost)
- ❑ Increase political viability of environmental solutions (e.g. Kyoto Accord & Cap Bill)
- ❑ Spending of conservation dollars more strategic
- ❑ Improve performance of mitigation system
- ❑ Conservative transaction ratios
- ❑ Co-benefits
- ❑ Establish a \$ value for services and prevent their externalization from the marketplace

Why ecosystem markets can be transformational



- Links the future of agriculture to the future of urban growth and prosperity by positioning farmers as cost-effective suppliers of environmental services needed by our broader society
- Will transform attitudes of ag industry toward its social role and the environment
- Will transform public (and political) attitudes toward agriculture making it possible to secure the government help farmers need in the years to come

As we get more of this . . .



**We must also retain
some of this**





A window of opportunity



www.farmland.org

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