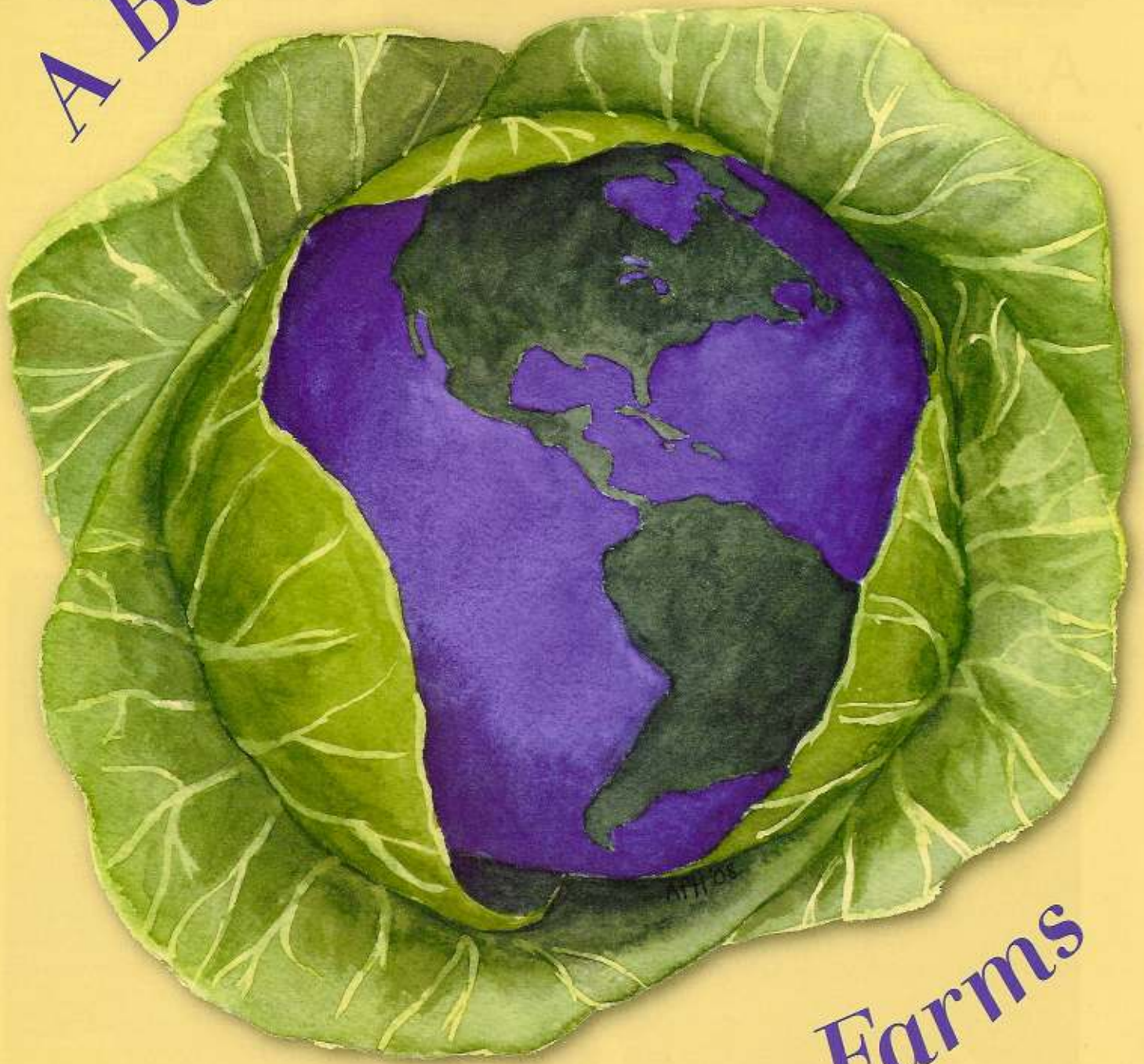


A Better Future...



from Farms

ILLUSTRATED BY ASHLEY HALSEY

THE AIR WE BREATHE. The food we eat. The water we drink. The communities we live in. What could be more important? These elements form the foundation of life, and they all have something else in common. Their health depends on the health of our nation's farms and ranches.

Private working lands account for nearly half the land in the continental United States. How we grow our food, fiber and energy on that land—and whether that land stays in agricultural production—deeply influences our environment, our health, our economy and the very fabric of our communities.

The nation and the world face a critical time, confronted by the prospect of climate change, mounting health and food safety issues, air and water pollution, and high fuel prices. But at the heart of these challenges lies a common solution. Farms and ranches are at the forefront of new efforts to combat climate change by reducing and offsetting greenhouse gas emissions. They are improving the health of Americans

Well-managed farm and ranch land is at the heart of solutions to the most pressing issues facing the United States today. AFT is embarking on two forward-looking campaigns to help American farms protect the environment and grow local foods—leading our nation to a healthier future.

and their communities by being a source of nutritious local food. And they can address environmental issues while providing cost-effective ways to help clean the water and air.

To harness the potential of our nation's farms and ranches at this pivotal time in history, American Farmland Trust (AFT) is launching two new initiatives. AFT's Agriculture & Environment campaign and the Growing Local campaign will provide the progressive leadership and innovative solutions needed to help our farms and ranches seize this opportunity to lead the nation to a bright new future.

In the following pages—and in issues of *American Farmland* to come—you will learn more about how AFT's two new initiatives will be working to support a vibrant agricultural sector that can compete in a rapidly changing global marketplace, while providing high-quality food, fiber, renewable energy and a clean environment.

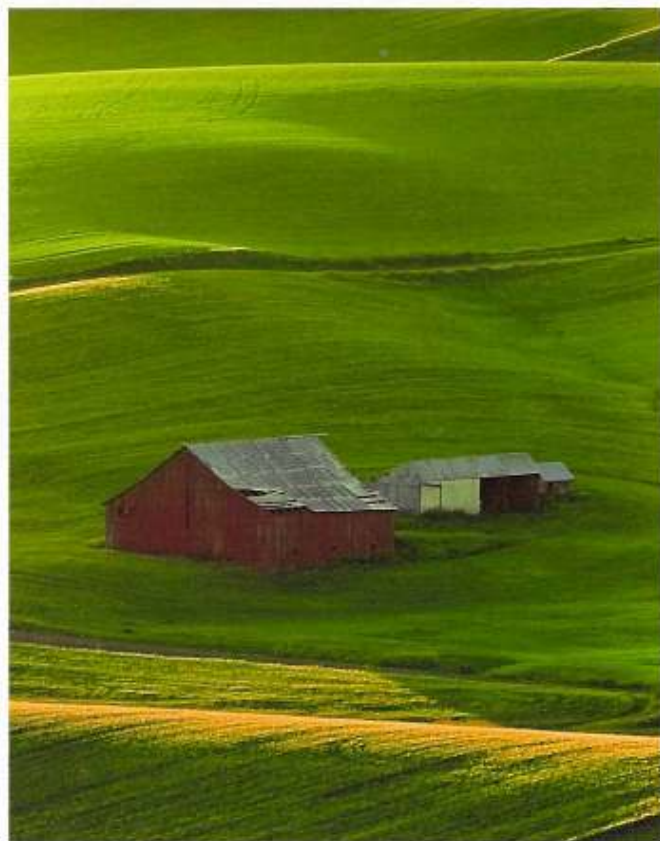
Farms Grow Green

AFT's Agriculture & Environment Campaign

ON TRIBAL LANDS outside Bellingham, Washington, the Nooksack Indian Tribe has harvested fish sustainably for thousands of years. With help from an AFT-led grants program called Pioneers in Conservation, the tribe created important new habitat for dwindling stocks of Chinook salmon. At the same time, the project replaced an old levee, helping four local farmers keep their fields drier during flood season.

In southeastern Minnesota, Dave Legvold grows corn and soybeans on land that drains into the Cannon River, which then winds its way to the Mississippi River. Mindful of global warming and the need to prevent sediment from running off his land, Legvold participates in AFT's BMP Challenge, a program that promotes conservation practices like "no-till" planting that can protect waterways and reduce greenhouse gases without a loss in farm income.

And in the Catskill Mountains of upstate New York, dairy farmers plant grass filter strips and establish



Lush green farmland in the Palouse region of Washington state

AFT's Agriculture & Environment Campaign: Up-Close

WHAT IS THE ISSUE?

Global climate change and clean water are two of the nation's most pressing environmental challenges. As the single largest user of land and water resources in the United States, agriculture has a profound impact on the environment. Two-thirds of U.S. coastal waterways are considered degraded, and without actions that curb the level of heat-trapping greenhouse gases in the atmosphere, we could experience drastic future changes in the planet's climate.

WHAT IS THE SOLUTION?

Farmers want to be good stewards of the land, but they need policies and programs that help them produce environmental benefits and reward them when they do. While we pay billions to clean up and prevent environmental damage through technology, farms and ranches can provide valuable environmental services at a fraction of the cost. Farm conservation practices are among the most cost-effective ways to improve water quality and reduce U.S. greenhouse gas emissions.

WHAT IS AFT'S PLAN?

AFT's nationwide Agriculture & Environment campaign is pursuing policies at the federal and state level to increase funding for conservation practices, while helping to develop private "ecosystem markets" that compensate farmers and ranchers for environmental benefits such as cleaner water, cleaner air, wildlife habitat, flood control and carbon sequestration. AFT will play a major role in developing future climate change and water quality legislation while continuing work to make sure that policies enacted in the 2008 Farm Bill help farmers and ranchers address environmental challenges.

WHAT SETS AFT'S CAMPAIGN APART?

Without farm and ranch land, the nation loses a critical natural resource that can help fight climate change and provide important environmental benefits, renewable energy and local food. As a result of AFT's leadership in protecting farm and ranch land and promoting farming practices that are environmentally responsible yet economically practical, the organization has earned the respect of farmers and ranchers and established strong partnerships with key legislators and organizations.

rotational grazing for their cows to protect reservoirs that supply drinking water to millions of downstate residents, sparing New York City the cost of a multi-billion-dollar filtration plant.

From the Puget Sound on the West Coast to the Hudson River Valley in the East, farmers across the country are working cooperatively to change their agricultural practices and improve the environment. "These are exactly the types of projects that AFT will advance through our new Agriculture & Environment campaign," explains AFT's Jimmy Daukas, the campaign's director. "Farmers and ranchers are critical to protecting our water supply and fighting climate change. But we need to find new ways and new policies to expand their efforts—and that's where AFT's campaign will help."

New Markets for Farmers: Agriculture's Role in Improving Water Quality

Threats to clean water come from many sources: electric power, manufacturing, waste treatment emissions and storm water drainage. U.S. agriculture also contributes to water quality degradation, with an estimated 829 million acres needing improved conservation practices to prevent nutrients and pesticides from reaching waterways. At the same time, improved agricultural practices are among the most cost-effective measures for reducing water quality degradation.

The critical need for improving water quality—combined with the great potential for cost-effective solutions from agriculture—has created a market for water quality trading. In some watersheds, industries and municipalities that discharge nutrients such as nitrogen



Salmon spawn in a Northwest stream.

ANDREW PENNER/ISTOCKPHOTO



PAUL GRAMON/ISTOCKPHOTO

A river flows through Pennsylvania farmland.

and phosphorus into waterways are now purchasing nutrient credits from farmers who, in turn, adopt practices to reduce the run-off of nutrients from their fields.

In the Sugar Creek watershed in Ohio, for instance, a local cheese factory wanted to expand its operations. Clean water regulations required the company to reduce its discharge of phosphorus. Through filtration, the company succeeded in significantly reducing its phosphorus emissions, but it was having difficulty achieving the small remaining reduction through a technological fix. Instead, the company paid local dairy farmers to adopt conservation practices such as no-till planting, cover crops and other techniques. The farmers further reduced the amount of phosphorus to required levels, and the company was able to expand, which provided new jobs for the community and a stronger market for milk from local farmers.

Currently only a handful of water quality trading systems are in operation with a small number of farmers participating across the country, but the potential is huge. "Water quality trading markets have the potential to reduce nutrients in key watersheds across the United States for far less money than other remediation techniques. This is going to become more and more critical as we face an economic downturn and tight budgets," says Daukas.

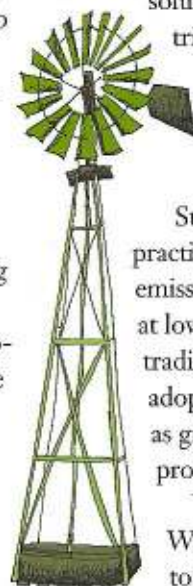
New Markets for Farmers: Agriculture's Role in Reducing Climate Change

Pressure is intensifying on our farmland to produce ever-increasing amounts of food, fuel and fiber. The unpredictability of climate change adds a new threat. Erratic changes in temperature and rainfall may result in the spread of plant-damaging insects, weeds and diseases while increasing the severity of soil erosion, runoff and flooding.

But farms and ranches are an important part of the solution to fighting climate change. U.S. agriculture contributes a minor share of the nation's greenhouse gas emissions (approximately 7 percent) but also helps to remove carbon dioxide, a major greenhouse gas, from the atmosphere, storing it in plants and soil in a process known as sequestration.

Studies indicate that changes in agriculture and forestry practices could offset up to 20 percent of the nation's total emissions of greenhouse gases, and do it relatively quickly at low cost compared to other options. In emerging carbon trading markets, farmers and ranchers are being paid for adopting practices that reduce greenhouse gases, such as grass and tree plantings, conservation tillage, and the production of low-carbon renewable energy.

Vander Haak Dairy, a family farm in Lynden, Washington, became the first dairy farm in Washington to install an anaerobic manure digester in 2004. The



digester converts cow manure into compost, bedding materials for livestock, liquid fertilizer, and a biogas that is used to generate electricity. In the process, the digester removes tons of methane and nitrous oxide—powerful greenhouse gasses—from the atmosphere each year.

The dairy was one of the first farms in the nation to register its carbon credits with the Chicago Climate Exchange, currently the only carbon market in the United States (in the absence of a national carbon program). In the future, however, a national climate change bill may include “cap-and-trade” tools to limit carbon emissions—which would increase the financial value of carbon credits for farmers like Vander Haak Dairy.

“Right now we are missing a significant opportunity to reduce the effects of climate change through agriculture,” Daukas says. “But that should change soon. AFT is actively working to involve farmers and agricultural leaders in the development of carbon trading markets and federal climate change legislation. Any future climate change program needs to maximize the participation of farmers and ranchers in reducing greenhouse gases.”

AFT's Agriculture & Environment Campaign: On the Ground

In addition to undertaking two major federal policy efforts related to climate change and water quality legislation, AFT is working on demonstration projects around the country that are models for how farmers and ranchers can effectively improve water quality and reduce greenhouse gases while earning new revenue. Target areas include:



✿ **Chesapeake Bay.** Water quality has been a major concern in the bay for decades. A 2004 study identified six of the most cost-effective strategies to clean up the bay; five of the six involved agriculture. AFT is helping farmers adopt conservation practices to protect the bay by building upon the BMP Challenge, an AFT program that reduces farm use of nitrogen fertilizer by guaranteeing income when farmers adopt new stewardship practices.

✿ **Ohio River basin.** To address impending regulatory action in the Ohio River basin, the Electric Power Research Institute and its member utility companies recently determined that their least-cost strategy is to buy nutrient credits from agriculture. AFT's goal is to develop the nation's first multi-state, regional water quality trading system. AFT has also identified a high

Ecosystem Services: The “Crop” of the Future?

In the future, many environmental or “ecosystem” services provided by farmers and ranchers may find willing buyers in private or public conservation markets. Ecosystem markets place a value on the environmental benefits that nature provides, such as drinking water filtration, crop pollination and carbon sequestration. By assigning a financial value, the stewards of the environmental benefits—farmers, ranchers and forest landowners—can be paid to produce them.

For instance, developers may offset the impacts of their development by paying farmers for restored or newly created wetlands. Water districts may pay farmers for maintaining flood plains to trap floodwaters and prevent downstream flooding. Municipalities might pay for improvements in air quality or wildlife habitat. And increasing numbers of farmers may receive carbon credit payments for planting trees, turning animal waste into electricity, using planting



techniques that trap carbon in the soil, and other activities that reduce greenhouse gases.

Many of the farm conservation practices that address climate change also improve water quality. AFT's Agriculture & Environment campaign is looking for ways to reward farmers for these multiple benefits in the form of “stackable credits” that involve water quality trading, carbon trading and other benefits, such as wildlife habitat.

“All kinds of creative opportunities exist in this arena,” says Don Stuart, AFT's Pacific Northwest director, who recently helped to pass a landmark bill in Washington state that established new ecosystem markets for farm and forest landowners. “AFT's goal is to help farmers see environmental services as legitimate ‘crops.’ We know they're doing what they can to be good stewards of the land, but we're looking for ways to help them be even better.”



JERRY ANDERSON/ISTOCKPHOTO

California's Salinas Valley, one of the most productive agricultural regions in America

potential to establish ecosystem services markets, especially sediment credits, in the Maumee River basin, which empties into Lake Erie.

Upper Mississippi River basin. Over the next two years, AFT and its partners will launch the Midwest's first "stackable" credit market involving both water quality trading and carbon trading in Minnesota. Once this unique multiple credit market in the Sauk River watershed has been successfully established, AFT will create additional markets to serve the Upper Mississippi River basin.

California. The state's progressive environmental initiatives, and its agricultural importance, make it a prime candidate for demonstrating that ecosystem services approaches can work on a wide variety of irrigated crops, including specialty crops like fruits, vegetables and nuts. AFT is also focusing on the effects of dairying on water quality, air quality and greenhouse gas emissions. And AFT is working to address the urban sprawl that continues to pave over farmland in California, permanently eliminating the environmental benefits provided by well-managed farmland.

Pacific Northwest. The region is experiencing massive growth in an environmentally sensitive landscape with many endangered species and a network of vulnerable streams and rivers. AFT is building on its recent victory in passing a landmark bill in the Washington state legislature that establishes new ecosystem services markets for farms and forest landowners. AFT's work will focus on agricultural practices that support wildlife habitat, biodiversity and salmon recovery while generating nutrient and carbon credits.

JANTYER/ISTOCKPHOTO

Join Our Transition Team: Vote Farm and Food '09

President-elect Barack Obama is inheriting a daunting set of domestic and global challenges, and now more than ever, our farmers are under enormous pressure to produce food and fuel while minimizing their impact on the environment. With the right policy tools and funding in hand, farmers and farmland can play a major role in solving our nation's greatest economic, environmental, nutrition and energy problems.

Following are four key strategic goals that AFT will actively pursue through the first 100 days of the Obama presidency:

- Focus greater attention on protecting farmland
- Increase the availability of fresh, local foods
- Give farmers incentives to protect the environment
- Strengthen the connection between local farms and consumers

We need your help to create a lasting and forward-looking farm and food policy for America. We've identified eight key issues that connect our farm policy work with our nation's greatest challenges, and we are asking every one of our supporters to weigh-in and choose their top priorities. We will be presenting our recommendations to the new Administration, so it is vitally important that we hear from you, your friends and your family. Please visit www.farmland.org/vote to vote for the farm and food issues that are most important to you.

