USA Rice

2101 Wilson Boulevard • Suite 610 • Arlington, VA 22201-3040 • (703) 236-2300 • FAX (703) 236-2301

April 30, 2021

Submitted via www.regulations.gov; Attention Docket ID No.: USDA-2021-0003

William Hohenstein
Director, Office of Energy and Environmental Policy
U.S. Department of Agriculture
1400 Independence Ave SW
Washington, DC 20250
ccpooce@usda.gov

Mr. Hohenstein,

As the global advocate for all segments of the U.S. rice industry, USA Rice's mission is to ensure the health and vitality of a unified U.S. rice industry by advocating on behalf of farmers, millers, merchants, and allied businesses.

Rice farmers harvest roughly 20 billion pounds of rice grown on 2.8 million acres of sustainably managed farmland. The rice not consumed domestically—roughly 50 percent of the crop in most years—is exported to more than 120 countries around the globe. Nearly 85% of the rice consumed in the U.S. is grown on family farms across the six major rice-producing states of Arkansas, California, Louisiana, Mississippi, Missouri, and Texas.

Rice farms support approximately 45% of the North American wintering duck population while providing an estimated 60% of all dabbling duck foods in the Central Valley, 35% of all food along the Gulf Coast, and 70% of food in the Mississippi Alluvial Valley. These same habitats are also extremely important to shorebirds and other wetland-dependent birds. It is estimated that the cost to recreate the habitat that these rice fields provide is more than $3.5 billion. In addition to the migratory waterfowl habitat, rice fields throughout all rice-growing regions in the U.S. contribute to substantial biodiversity, ranging from crawfish and yellow rails along the gulf coast to a successful NRCS supported pilot program in California that utilizes flooded rice fields as salmon nurseries.

All segments of the U.S. rice industry are invested in sustainable production and milling practices because it is personal – rice farmers often live on the land they work, and rice mills are important economic drivers in their communities. Together they provide tens of thousands of jobs and inject billions of dollars into the economy — all while standing on a strong record of environmental stewardship.

Every day the U.S. rice industry strives to meet the demands of growing populations while increasing resource efficiencies at every level of the supply chain. The rice community is invested in using sustainable production and processing practices because it is personal. We provide for our families, serve our communities, protect wildlife habitats, and create jobs. Our

stewardship is deliberate, ensuring a healthy, safe food supply, while improving the environment, and contributing to the local economy.

Sustainability extends beyond environmental resource impacts. To ensure good environmental practices continue, farm operation must be economically sustainable. Rice, an economic powerhouse, improves on-farm profitability, supports and sustains local communities, and significantly contributes to the U.S. economy. In many cases, community life revolves around rice as the main economic resource, supporting entire towns. We appreciate the opportunity to respond to this request for comments.

As you begin deliberation of how USDA and U.S. agriculture can help address climate concerns we urge you to take into consideration a number of our thoughts.

The diversity of U.S. agriculture demands that no one solution will be appropriate to each crop, cropping system, or region.

Climate and emissions markets must value multiple practices and be inclusive of all crops. It is essential that the Department understands that the opportunities in agriculture extend beyond the buzzwords of Soil Health, Cover Crops, and Carbon Banks. The importance of Soil Health is well established, but there are many other practices that rice farmers can implement that will help bring down greenhouse gases.

The potential of cover crops in rice must be balanced against known benefits of winter flooding for creating habitat for migratory waterfowl. It is not currently possible to do both practices in the same fields. Simply put, ducks and geese and other migratory waterfowl that would otherwise lack adequate habitat and nutrition if not for winter flooded rice fields are our cover crops. And this “cover crop” not only benefits the fields where it is implemented, but also the ecosystems and biodiversity of our entire region.

Great diversity exists even among the rice growing regions in the United States. Opportunity also exists as winter flooding rice fields offer habitat and biological diversity. For example, NRCS has helped growers in California refine special management practices to utilize winter-flooded rice fields as essential floodplains rearing habitat for baby salmon. This could open doors for new strategies in other watersheds as well. These types of ecosystem benefits have great value to the environment and the general public and therefore should be incentivized, banked, and traded in a similar fashion to that of a carbon or other emission credit.

USDA should use their annual budget submission to advocate for more spending for current conservation program

Congress should continue and increase investments in the existing suite of NRCS working lands programs. These programs provide numerous environmental benefits that combat climate change and drive innovation. While these programs work well, they are severely underfunded. In

Arkansas, for example, applications have exceeded funding by a factor of 3 to 1 over the last 5 years. On working lands particularly, Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), and Regional Conservation Partnership Program (RCPP) are the best fit for implementing changes in rice.

EQIP has facilitated lasting improvements on farmland across all rice growing regions, and these improvements will continue to provide environmental and climate benefits for generations to come. CSP has facilitated practices ranging from irrigation water management to providing critical habitat in shallow flooded rice fields that act as surrogate wetlands for migratory birds and other wildlife.

Since the initial 2014 RCPP call for proposals, nine (9) individual RCPP awards have been led by the Rice Stewardship Partnership, which has become a model of collaboration between a farm group, USA Rice, and a conservation organization, Ducks Unlimited. Together they have established a tremendous base for rice producers to increase conservation on their farms and a venue for innovation and expansion of private lands conservation. These RCPP projects have impacted over 700,000 acres of rice and rice rotation ground and provided over $80 million in additional conservation funding.

While the implementation of more efficient conservation practices provides a producer with return on investment, oftentimes the upfront expenses to implement the practice and the lack of technical assistance is a barrier. Without these working lands programs, the upfront investment required by the producer can be too large for them to implement on their own despite the return on investment over time. Through these programs, producers not only receive financial assistance but also technical assistance from experts who travel to their farm and create a custom plan for each operation. These practices are not a “one size fits all” and therefore this one-on-one approach is also critical to ensure success.

The situation described above has also been experienced in the USA Rice-Ducks Unlimited Rice Stewardship Partnership RCPP projects despite the fact that these projects are targeted to rice producers. In the 2016 National Sustaining the Future of Rice RCPP, only 31% of EQIP applications were funded in the Mid-South. In 2018, another EQIP signup was held for the same states through the Partnership’s Mid-South Graduated Water Stewardship RCPP and only 22% of applications were funded just two short years later. The Mid-South RCPP CSP signup held in 2019 was also very competitive and the Partnership was only able to fund 32% of the total applications. The adoption of innovative practices at the farm level is largely due to the financial and technical support provided through these working land programs.

USDA should include a robust budget request for Conservation Technical Assistance Funding

While there are many promising policy ideas being discussed for how agriculture can play its part in the climate solution, these ideas cannot be successful if the needed investment in technical

assistance is not provided. An increased investment in technical assistance will allow NRCS to add capacity at the local level, which is crucial for ensuring that producers have access to the local technical experts that can help them create a personalized conservation plan best adapted to their soil type, weather and type of agricultural operation. The best conservation practices to sequester carbon, reduce emissions, address water quality or improve wildlife habitat can change from state to state, county to county, or even from field to field, and producers need local experts at their fingertips to help them achieve these resource goals.

New programs must be voluntary and eliminate regulatory barriers

Participation must forever be voluntary and never become a precondition to accessing other USDA programs. Additionally, regulatory and bureaucratic hurdles must be eliminated. For example, even though rice farmers began implementing the methane reducing practices of Alternate Wetting and Drying (AWD) and Furrow Irrigation (row rice) a decade ago, it took several years to be deemed as an insurable practice by USDA's Risk Management Agency (RMA). We were first told that we had to go through the 508(h) process, which is the process of private industry developing a plan for a crop insurance product, spending hours upon hours and plenty of financial resources toward this development. However, after four years of work, this path was blocked when RMA informed us that the data, we submitted was insufficient in determining the actuarial soundness of the policy.

Then we made progress in the 2018 Farm Bill by securing language directing RMA to perform research and development on whether or not an AWD crop insurance product for rice was feasible. This language plus the perseverance of rice farmers for an additional two years of work, countless meetings and back and forth with USDA, and AWD is now a covered practice.
So in this instance, a production practice which is climate-friendly with equivalent or better yield potential was stymied by the onerous and cumbersome regulatory process and the bureaucracy that exists within federal agencies. During this period of uncertainty, rice farmers took on extraneous risk by improving the AWD production practice without proper crop insurance coverage.

Avoiding similar regulatory hurdles in the future is key to incentivizing new strategies. Technology has played and will continue to be transformative in the role agriculture plays in addressing climate change. Continued support of existing technologies is important, and funding research and innovation that advances new technologies is essential to revealing the next big opportunities. Emerging technologies in remote sensing, automation, advanced data analytics, artificial intelligence, and likely many technologies we have not even yet considered will surely illuminate new opportunities in this space.

Value must flow equitably through the supply chain

It is important that carbon markets develop in a way that farmers of all regions and farms of all sizes can be partners with the public in addressing climate change. It is likewise imperative that

USA Rice
2101 Wilson Boulevard • Suite 610 • Arlington, VA 22201-3040 • (703) 236-2300 • FAX (703) 236-2301

carbon markets not morph into a fulcrum organization used to leverage value from farmers that is not equitably distributed throughout the supply chain. Farmers must own the credits they produce and must be free to market them how and when they see fit. With a studied, nuanced, and inclusive approach, USDA can play a role in unleashing the enduring creativity of American agriculture to attenuate climate change. Farmers of America must have a voice in shaping these programs, and there must be attention to detail.

USA Rice support the principles behind the Growing Climate Solutions Act that was recently introduced in the Senate and the House. With changes made from the earlier version, we support the bipartisan compromise. We would look to USDA to follow Congress's direction in this legislation. The Growing Climate Solutions Act clearly outlines an appropriate role for USDA, one that complements existing private market efforts to meet market-based demands. The integrity that USDA would bring to the marketplace by setting standards for providing farmers and ranchers technical assistance would offer confidence in the system for farmers who want to participate.

Furthermore, the legislation enhances both transparency and access to emerging environmental credit opportunities. Existing private sector markets are in their early stages, and the science supporting these markets is evolving. With this, it is complex and challenging for potential institutional buyers of environmental credits to access GHG offset opportunities, let alone confusing for individual farmers or ranchers to understand where to begin.

Conclusion
Building on the past success of the U.S. rice industry, we see great opportunities ahead for further enhancing the environmental benefits U.S. rice farms can contribute to our nation and the world. We welcome the opportunity to work with this Administration and Congress at large to explore opportunities and expand the role that safe, sustainable, and secure U.S. rice plays in addressing climate change. We must build these new opportunities on the solid foundation already established, and we must work together as we build higher toward ever greater goals.

Thank you again for the opportunity to comment on these important issues and we look forward to working with the Department as you consider programs and initiatives to support rice farmers in their pursuit to address climate concerns.

Respectfully,

Ben Mosely
Vice President, Government Affairs
USA Rice