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Agricultural Marketing Service (AMS), USDA
Room 2055-S, STOP 0201
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FROM: Debbie Reed
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SUBJECT: Notice on Supply Chains for the Production of Agricultural Commodities and Food Products (Document No. AMS-TM-21-0034)

DATE: June 21, 2021

ESMC Background

Thank you for the opportunity to comment on the U.S. Department of Agriculture's (USDA) request for input on the Executive Order on America's Supply Chains (Document Number AMS-TM-21-0034). The Ecosystem Service Market Consortium's (ESMC) mission is to advance ecosystem services markets that incentivize farmers and ranchers to improve soil health systems that benefit society. ESMC is a member-based not-for-profit organization launching a national scale ecosystem services market for agriculture to recognize and reward farmers and ranchers for their environmental services to society. ESMC's public-private partnership includes members and stakeholders from across the agricultural supply chain and value chain, including food and beverage consumer facing companies (CPGs), agricultural businesses, farmer-led associations, farmer check-offs, farmer cooperatives, environmental and conservation NGOs, foundations, land-grant universities and research institutes, and USDA.

The Ecosystem Services Market Research Consortium (ESMRC) serves as the research arm of ESMC, investing in research, demonstration, development and deployment of tools, technologies and methodologies to improve the accuracy and rigor of greenhouse gas (GHG), carbon, water quality, water quantity and biodiversity outcomes quantification for market-based purposes. We are also investing in a national-scale infrastructure to quantify improved agricultural outcomes to support ESG reporting by food and beverage sector companies in our harmonized, standardized program that generates credits demanded by corporates and pays framers and ranchers for their impacts.

ESMC's market financially rewards farmers and ranchers who voluntarily adjust crop and livestock production systems in ways that increase soil carbon sequestration and retention, reduce GHG emissions, improve water quality, conserve water, and provide additional ecosystem service outcomes, such as enhanced biodiversity and habitat conservation. ESMC's program allows producers to choose only those changes they desire to undertake, and as few or as many as they select, with the understanding they will be paid based on quantified outcomes. ESMC's market design was based on a comprehensive market

assessment and design phase, completed in 2018 and 2019. Since 2020 we have been testing our program with our partners across the agricultural supply chain and value chain, investing in critical RDD&D to create a national scale ecosystem services market program and infrastructure for the agricultural sector, and refining the program prior to full national-scale market launch in 2022.

Response to Request for Comment: Supply Chains for the Production of Agricultural Commodities and Food Products

The COVID-19 pandemic tested our nation's agricultural supply chains in ways we have never seen before. Despite the difficulties posed by the pandemic, and thanks to the courageous work of agricultural workers across the country who rose to the challenge, Americans were able to access nutritious and affordable food. While the strength of the American agricultural supply chain led our nation through the pandemic, the growing threat of climate change poses new and lasting risks to our farmers and ranchers. We are already experiencing many of the devastating impacts of climate change including more variable and extreme weather events, drought, flooding, and larger, more intense forest fires which upend our working lands more and more frequently. These disruptions further endanger our critical agricultural supply chains and could weaken food supplies, job growth, and efforts to rebuild after the pandemic.

In addition to providing food, fuel, and fiber to the world, the U.S. agriculture sector is at the forefront of our nation's strategy to combat climate change given agriculture's unique ability to reduce and remove greenhouse gases and conserve natural resources. ESMC works with its corporate members to reduce their direct environmental footprints, but also to incentivize and work with their suppliers in the agricultural supply chain to reduce their GHG and natural resource footprints as well, leading to reduced sectoral emissions and improved environmental outcomes at even greater scale. A robust and reliant supply chain that regularly delivers seed and other inputs allows producers to implement changes to their production systems that generate beneficial environmental outcomes. System-based approaches that reduce GHG and water use and enhance water quality and soil health also make our nations farmers and ranchers more resilient to a changing climate. In this way, disruptions to the agricultural supply chain not only jeopardize U.S. agriculture's ability to deliver its products to the world, they also weaken our ability to fight the global climate crisis. We urge USDA to investigate and support the delivery of new and innovative risk products, such as insurance offerings, that allow producers to adapt to a changing climate and transform their operations to make them more resilient and profitable. Farm operations will need to survive more and more severe weather events and uncertain climate impacts to generate their products, whether commodities or other environmental goods that are in high demand.

Thank you again for the opportunity to provide input to USDA's supply chain strategy in response to President Biden's Executive Order on America's Supply Chains. ESMC believes the agricultural sector can have an outsized ability to reduce and remove GHG while providing other ecosystem services that mitigate climate change, but our success largely depends on stability, continued economic viability and resilience of our agricultural supply chain. ESMC looks forward to working closely with USDA to improve supply chain resiliency while also improving our environment.

Sincerely,

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