

# Institute for Agriculture and Trade Policy

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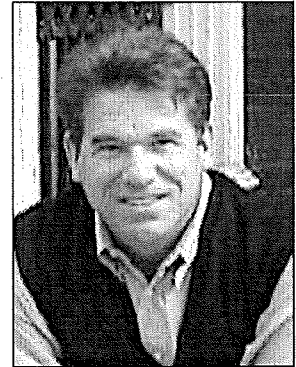
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## Minnesota and Kyoto

By Mark Ritchie

The Kyoto Protocol climate change treaty came into effect on Feb. 16 without the ratification of the world's top polluting nation—the United States. This is unfortunate, since U.S. ratification of Kyoto would have enormous economic benefits for Minnesota, particularly for our family farmers, our forest products industry and our renewable energy sector.

Under Kyoto, all major industrialized countries except the United States have agreed to reduce six greenhouse gas emissions to below 1990 levels. Carbon dioxide is the largest greenhouse gas. It is emitted from cars, furnaces, coal and gas-fired power plants and anything else that burns fuel. Currently, U.S. carbon dioxide emissions are 14 percent higher than 1990 levels. But Minnesota companies and municipalities have shown that we can profitably reach the Kyoto standard.



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For example, Minneapolis has already exceeded the Kyoto standard by reducing measurable greenhouse gas pollutants 15 percent in the last decade, saving the city and private sector an estimated \$185 million in energy costs. Minneapolis achieved the reduction by making buildings and streetlights more energy efficient, increasing recycling and encouraging public transit.

St. Paul and Duluth have also taken strong steps toward meeting Kyoto standards. St. Paul retrofitted many city buildings. Duluth installed solar panels in their library and more efficient lighting systems for their traffic lights. Hennepin and Ramsey Counties are also playing leading roles in reducing greenhouse gases for the region.

Meeting the goals of Kyoto hasn't been an obstacle for several of Minnesota's largest corporations. IBM has reduced its global greenhouse gas emissions by 65.8 percent between 1990 and 2003—saving \$791 million through greater efficiency. 3M has taken steps to improve energy efficiency and has reduced greenhouse gas emissions by 35 percent since 1995.

Minnesota's family farmers are playing a major role in building a cleaner, renewable energy future. There are now over 800 wind turbines across the state, largely on agricultural land, providing 595 megawatts of power—enough to power every household in Minneapolis. Minnesota's farmers are also leaders in the biofuel sector with a growing number of farmer-owned ethanol and biodiesel facilities. There are currently 13 ethanol plants in Minnesota with three more under construction, and three soy diesel plants under construction or planned. With the proposed increase in the ethanol mandate for gas

in Minnesota (from 10 to 20 percent by 2012) and a mounting demand for biodiesel, more such plants are expected.

Beyond providing cleaner sources of energy, there is a great potential for Minnesota farmers and landowners to get paid for their sustainable farming and forestry practices that store carbon. One of the simplest and most immediate ways to reduce greenhouse gases is to store carbon in plants and soils. Sustainable forestry, conservation tillage, perennial cropping and other practices capture carbon, thereby reducing the greenhouse gases in the atmosphere. Methane-capture projects at livestock operations is another farming practice that reduces the release of greenhouse gases.

Practices that “sequester” carbon can be turned into money through “carbon credits” sold to buyers anxious to meet Kyoto standards. The Chicago Climate Exchange currently trades carbon credits; several corporations voluntarily participate to meet their individual objectives and potential future regulation. A bill to set up a national carbon cap-and-trade scheme introduced by Senators John McCain and Joseph Lieberman, is expected to gain momentum this year in Congress.

But Minnesota farmers who store carbon and capture methane are losing out in comparison to farmers in countries that have signed Kyoto. Where U.S. farmers get paid around 50 cents a ton of CO<sub>2</sub> equivalent saved, in countries that have ratified Kyoto, such as Canada and Brazil, farmers can receive \$4 to \$7 a ton through the World Bank’s carbon finance initiatives.

And imagine the boost to Minnesota’s bioenergy sector from a national commitment to clean energy that ratification of Kyoto would bring. Will the U.S. fall behind as countries working under the Kyoto mandate reduce their energy costs while becoming less dependent on oil?

In Minnesota, our companies and cities are leading the way toward greenhouse gas reduction. Far from hurting our economy, investments in greenhouse gas reduction are actually saving money and spurring economic development. It’s time for the feds to catch up. It just might save the planet. ▣

#### About the author

*Mark Ritchie is President of the Minneapolis-based Institute for Agriculture and Trade Policy.*

#### About IATP

*The Institute for Agriculture and Trade Policy works globally to promote resilient family farms, communities and ecosystems through research and education, science and technology, and advocacy.*