

**Remarks by
Robert Lewis, Jr.,
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at the
USDA Forest Sector
Accounting Rules and Guidelines for Greenhouse Gas Offsets
Technical Meeting
Riverdale, MD, January 23, 2002**

- Call the meeting to order and welcome

Welcome to USDA's technical meeting on accounting rules and guidelines for greenhouse gas activities in the forest sector. I am glad to see such a large group here today representing so many perspectives. We have representatives from corporations, forest landowners, environmental groups, industry associations, state governments, universities, U.S. government agencies, and others.

- Introduction to who you are and something about FS R&D

As Deputy Chief, I lead the world's largest forest and range research organization. We are very interested in carbon sequestration, sustainable forest management, and protecting the environment. Like the President, we want to explore the potential for what market-based environmental programs could mean to the future of America's forest landowners and land managers.

- Why we are here

Early last year, President Bush announced his Climate Change Strategy. In his strategy, the President set an ambitious agenda for reducing greenhouse

gases and an overall national goal to reduce the “greenhouse gas intensity” of the American economy by 18 percent in the next decade.

As one important element of achieving that goal, he challenged USDA to recommend targeted incentives for greenhouse gas offsets from agriculture and forests. He also challenged USDA to help the Department of Energy set up a new and improved registry for crediting private sector actions to offset reductions in greenhouse gases. **This is why we are here today, to ensure that we have an open, cooperative process in accomplishing this second mandate.** These new accounting rules and guidelines will be used to improve the Department of Energy’s Voluntary Greenhouse Gas Reporting Program.

The Forest Service is the lead agency within USDA for developing the forestry reporting guidelines. We have until January of 2004 to issue the accounting rules, and an additional six months to develop the forms and instructions.

Toward that end, this is the second of two meetings announced in the Federal Register last November. The first meeting was held on January 14-15, 2003, and was devoted to accounting rules and guidelines for agriculture and grazing land. Of course, our one-day meeting today is dedicated to forest activities, parallel to the agriculture guidelines. In addition to these two sessions, the Department of Energy hosted four meetings for interested parties late last year in Washington, San Francisco, Houston, and Chicago.

- Thanks and appreciation

I would like to thank Bill Hohenstein and USDA's Global Change Program Office, as well as Keith Collins and the Office of the Chief Economist for coordinating today's meeting. I would also like to thank the USDA Graduate School for handling registration and meeting arrangements.

Also at this time I want to recognize the leadership of Dr. Richard Birdsey and to thank him for his efforts in leading the forestry portion of the guideline development. I also want to thank all the other writers and contributors who have and who will be working to ensure that the President has the best set of guidelines possible from the forestry sector. MOST OF ALL, I want to thank all of you for your attendance and participation today, and throughout the entire process.

- Setting the stage for discussion

ROLE OF FORESTS AND FORESTRY

Forests and forestry are very important in our society and our economy. We are blessed with some of the most productive forest land in the world, providing many benefits and values. Almost 71% of our Nation's timberland is owned by private landowners – the focus of these new guidelines.

The potential of our forests and forest products to sequester carbon is enormous. We have an opportunity to encourage our forest landowners to address environmental issues and, in doing so, can also strengthen our

economy. We can do this by properly managing our forest resources, and by increasing the health and vitality of our forests through active management. We must emphasize the environmentally sound production of wood while ensuring and extending clean water, wildlife habitat, recreation opportunities, and other benefits.

We should recognize that many of the costs of implementing technologies and practices that are good for the environment often fall on the landowner or operator, with many of the benefits accruing to the public. Through our efforts, landowners might have the opportunity to be rewarded for making efforts and investing in the environment.

We are following the President's direction to provide the foundation for accounting and reporting for emission reduction and sequestration activities.

We need good science and innovative technology to establish and track forest projects for greenhouse gas offsets to determine the entire benefits. Realistically, forestry offset projects will work best as part of what Secretary Veneman calls a portfolio with multiple benefits to the environment. Companies and forest landowners may be understandably reluctant to invest in greenhouse gas offset projects without reliable information on the benefits of land management practices. We, my Agency and many others, are working to produce this critical information and reduce the uncertainty.

CHALLENGES

We have to remember that the objective of this reporting effort is to provide a credible record of sequestration and emission reductions that can simply be held or transferred between private entities.

Government has an important role, as a facilitator, by doing the best we can to reduce the uncertainty within the system. There are scientifically sound methods that can be used to reduce that uncertainty. We should provide a rigorous evaluation of those methods, along with technical assistance in the use of the methods.

Transparency is another important issue. In a private market where the transactions are between individuals, it is vitally important that each party has confidence in the system.

CONCLUSION

These are complex, important issues; and their resolution is critical to implementing a viable voluntary greenhouse gas reporting system that can meet the President's objectives with participation for the forestry sector. With your input and continued feedback, we can design, propose, and implement a system that will result in real reductions in greenhouse gases in the atmosphere.

We simply have to move out quickly on these issues, and create an environmental agenda based on voluntary conservation. In doing so, we

can provide a framework for a market-driven approach to resolving environmental issues.

This approach will create environmental benefits at local, national, and global scales, an abundance of wood fiber, and profitable ventures for America's forest landowners. By working together, we can apply the market concept to environmental goals and create a new era of conservation and profitability.

- Facilitation of meeting

At this time, let me introduce Doug Brookman. He will serve as facilitator for the meeting. He will explain how you can participate in this process today, introduce the speakers, and keep us on time as well.

Thank You.