ESG and the Threat to Agriculture in America

The Left's radical ESG agenda poses a serious threat to American agriculture. Food prices have already risen 10% over just the past year in the U.S., and climate restrictions only threaten to send those costs even higher. Not only that, they threaten the very ability for key agricultural and food production industries to operate and exist altogether.

These threats are not simply imagined. Climate change activists have made clear that coming after America's agriculture industry is their next target. Farmers are already doing more with less. In the past two decades, farmers worldwide have fed an ever-growing global population by increasing their crop yields by more than 50%, while simultaneously helping reduce agriculture's share of global emissions.

The Facts:

- **Farmers are the ultimate target of Net-Zero emissions policies.** Activists have made clear that agriculture emissions targets for food-and-beverage companies "must cover scope 3 emissions," which are emissions from suppliers, or in other words, farmers. Food-and-beverage companies who set these targets must then force farmers to measure, report, and reduce their emissions, which may put small, struggling farmers out of business for good.

- **Big banks are lining up to demand farmers comply with Net-Zero policies.** America's six biggest banks joined the Net-Zero Banking Alliance in 2021, which means they all must set UN-approved agriculture targets for their portfolios by 2024. Net-Zero Banking Alliance members control more than 40% of global banking assets.

- **ESG hurts consumers and makes hard working Americans pay the price.** Ultimately, the ESG agenda threatens to increase Americans' grocery bills. ESG activists acknowledge that food security may be a "tradeoff" for emissions mitigation. Food costs more as a percentage of personal disposable income today than at any time since the 1990s. On top of inflation, incorporating ESG's the carbon emissions cost into food pricing would result in an annual increase of $1,300 for the grocery bills of a typical American family of four. Decreases in food production and corresponding increases in food prices invariably have the biggest impact on the poorest people. ESG not only threatens the livelihoods of Americans, it threatens their well-being as well.

How ESG Hurts America's Farmers and Industries:

ESG threatens the livelihood of farmers who are essential to America's agricultural production and food security.

- **ESG sets unrealistic emissions targets on farmers.** ESG activists have announced that the food-and-beverage industry must reduce its land-based emissions by a whopping 85%, while admitting that farmers will have to increase food yields by 56% from 2010 levels to feed nearly 10 billion people in 2050.

- **ESG poses increased operating costs for farmers.** The number of U.S. farms continues to decline, and small-scale farm operators, which comprise 89% of U.S. farmers, now typically rely on off-farm employment for most of their income. Adding to this pressure, complying with net-zero policies and ESG reporting requirements is estimated to increase annual operating costs for farmers by 34%. Hiring a single ESG consultant can cost at least $25,000 for farmers alone, with prices increasing with the scale of the operation.

- **ESG threatens crops dependent on nitrogen fertilizer.** Three billion people are alive today because of nitrogen fertilizer, yet ESG activists want to reduce its use. Their proposed "green fertilizer" will be more expensive, leading to millions of people going hungry or dying worldwide. Already, UNEP's demands for reduced use of nitrogen fertilizer pushed Sri Lanka to stop using chemical fertilizer, leading to a devastating crop yield decrease, skyrocketing food prices, and an economic and humanitarian disaster.

- **ESG demands all farm machinery be electric-powered.** ESG activists demand "zero emissions on-farm machinery," but ignore that electric farm machinery would be far heavier and more expensive than diesel counterparts, would require extensive charging infrastructure on farms to meet harvesting demands, may struggle in cold weather, and simply "isn't feasible." Not to mention, the significant weight of electric tractors leads to substantial soil damage, offsetting any advantages of sustainable farming practices. Additionally, battery replacement for electric vehicles typically ranges from $5,000 to $15,000, with general EV repairs demanding increased labor and expenses that are 25% higher compared to conventional combustion vehicles. Insurance companies have taken note of these additional expenses, and raised premiums by 25% on electric vehicles.

- **ESG threatens the beef industry.** ESG activists have declared that the United States must cut its beef consumption in half and that "global per capita meat consumption must be reduced to around 1.5 burgers per person per week by 2050 to align with a 1.5°C scenario." Beef, cheese, and other carbon emission intensive food prices could increase more than 70% per pound, also driving demand down. This could lead to the loss of 19 million livestock jobs worldwide, including many in the United States, which is the top producer of beef and the largest exporter of agricultural goods globally.

- **ESG threatens corn production.** ESG-reporting requirements will cost the average corn farm an estimated $65,000 per year to offset the cost of carbon emissions, plus $109,000 for nitrogen fertilizer, $27,000 for carbon pricing, and a 40% premium.