



Council of Great Lakes Governors  
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Dear Council of Great Lakes Governors:

Congratulations on the completion of the June 30 draft of the “Great Lakes Basin Water Resources Compact.” Significant progress has been made in protecting this invaluable ecosystem and water resource, and we appreciate this opportunity to provide comments on the document.

The Institute for Agriculture and Trade Policy (IATP) is a nongovernmental organization based in Minnesota. We promote resilient family farms, rural communities and ecosystems, and much of our work has been focused in the Midwest. As the waters of the Great Lakes basin have provided agriculture with a plentiful supply of water, a valuable transportation system and a moderated climate ideal for the production of many valuable crops, the future strength of Great Lakes agriculture inherently rests on sustaining the waters of the Lakes.

For the past three years, IATP has been meeting with leaders in the agricultural community to talk about the Annex and Compact. Attached are a fact sheet and a report that we have produced on agricultural water consumption in the Great Lakes basin. Many of these leaders have expressed significant concerns about future water supplies, and understand that a problem exists and needs to be addressed. Many leaders also recognize that increases in agricultural water consumption have contributed to the problem, and that effective policy solutions will require agriculture to bear some of the responsibility. This conservation-based, long-term perspective of many agricultural leaders is encouraging.

This support for the protection of Great Lakes waters, however, has not translated into broad agricultural support for the Compact. Even though few farms could ever consume enough water to even require registration under the Compact, this regulatory framework concerns farmers. Adequate water is vital for crop and livestock operations; if a severe drought necessitates significantly increased withdrawals to keep irrigation crops alive, farmers do not want new regulations that can threaten the economic viability of their business.

Irrigation water is a risk management tool for farmers, providing protection against drought and frost. While limiting water consumption for an industrial water user simply limits the size of their factory, limiting irrigation water for a farmer could potentially wipe out an entire year’s income, which, considering current farming margins, could seriously threaten long-term viability of the operation. The loss of that risk management tool is a primary reason why some farm leaders have been critical of water regulations.

It is this concern, whether warranted or not, that has caused many agricultural leaders to view the Compact as a regulatory burden rather than a resource-protecting opportunity. Agriculture has been and will continue to be a purveyor of multiple benefits to the basin, including rural economic development and ecosystem services. That the Compact may impede agricultural water use – while allowing a water-bottling corporation to enjoy unlimited diversions out of the basin – strikes many farmers as grossly unfair.

IATP strongly supports a basin-wide Compact to protect the waters of the Great Lakes. We are concerned though, to use a metaphor, that the Compact misses the forest for the trees. Article 4 provides tremendous detail on the regulatory structure of the Compact, but provides only one paragraph on Cumulative Impacts. In addition, little guidance is provided on how the Parties should utilize the Cumulative Impact assessments, which may be as infrequent as every five years. In summary, farmers with large farms tend to view the Compact as just another regulatory burden that could impact the farm's economic viability during a drought, while farmers with small farms tend to have limited confidence that the Compact can protect their long-term water resources from encroaching housing developments and industrial users.

We ask the Great Lakes Governors to consider the following recommendations:

- **Provide greater assurance that the Compact will maintain future water resources for farmers.** The Compact is vague about the protections it will provide for water resources in the basin. The first stated purpose, Section 1.3.2, is to “protect, conserve, restore, improve and effectively manage the Waters and Water Dependent Natural Resources of the Basin...” The sixth purpose is to “promote a precautionary approach to prevent significant adverse impacts of Withdrawals and losses on the Basin’s ecosystems and watersheds.” These purposes will protect ecosystems, but do nothing, necessarily, to protect small farmers from the exploitation of water resources from large users. For example, a large industrial water user could install a new well, creating a large cone of depression and drying up the wells of 10 small farmers. Since one large well is essentially displacing 10 smaller wells, the cumulative impact on the ecosystem could be negligible, but the economic impact on those small farmers is enormous.

The Compact does not adequately address cumulative impacts. The cumulative impacts of water withdrawals on sub-watersheds should be the driving force behind the regulatory and enforcement measures of the Compact. Unfortunately, Section 4.13, Cumulative Impacts, calls for periodic assessments only every five years or when the incremental Basin Water losses reach 50 million gallons per day average in any 90-day period in a Lake watershed. This is too long a time frame, too large a volume of water, and too large a watershed to give a farmer assurance that an aquifer he depends upon will remain at an adequate level. What happens, for example, if several new housing developments, all on small private wells, tap into the aquifer? The Compact does not provide a farmer with protections from these uses of the aquifer, and the Party may not even become aware of the situation for five years. The Compact should require that cumulative effects be assessed at the local watershed, and that water withdrawals should be based on the assessment of cumulative effects.

- **Provide specific goals for the Parties' Water Conservation Programs.** Section 3.5, Water Conservation Programs, contains some excellent language for protecting future water supplies. In particular, demand and supply-side incentives for conservation, the application of sound planning principles, and improved efficiency of use by all users could result in dramatic reductions of water use. Unfortunately, this language remains vague and does not provide the Parties with any specific goals or effective methods of evaluation. The regulation and enforcement sections, on the other hand, are much more lengthy and explicit. The Parties need to be directed to give Water Conservation Programs a high priority; the current lack of emphasis will likely make these programs no more than an afterthought.
- **Recognize the environmental benefits that agriculture provides the basin.** Agriculture must address its large consumptive use of water in the basin, but the Parties must also recognize the multiple ecosystem services that agriculture provides for which it receives no compensation. Agriculture is unique among the sectors in providing open space that allows rain to replenish groundwater. Well-managed crops and soils can also serve as a filter, actually improving water quality as well as providing wildlife habitat.

Several years ago, the New York City Department of Environmental Protection explored methods of protecting the quality of its sourcewater in the Catskill watershed, which is populated with several small dairy farms. The City initially proposed a series of regulations on agricultural practices, which the farmers claimed would drive them out of business. The City eventually realized that losing farms would simply exacerbate urban development in the watershed, which was more detrimental to water quality than agriculture. After months of discussions, an agreement was reached where farmers could voluntarily implement a series of best management practices that were funded by the City. Over 90 percent of the eligible farmers are participating, and the City is meeting its sourcewater protection goals.

This example demonstrates that a carrot is often a better approach than a stick. Well-managed agriculture can provide many of the same ecological benefits as a natural landscape, while providing a source of income for the farmers and food and other valuable products for society. Unfortunately, economic forces and a lack of incentives for producing ecosystem services are fostering larger, less diverse, and more industrial farming systems. Restricting water use is a blunt policy tool; rather than providing an incentive for smaller, less water-intensive farms, it may simply expedite urban development – damaging, rather than improving, the quantity and quality of Great Lakes water.

- **Recognize that many cropping systems are best suited for the Great Lakes basin.** The basin is famous for producing a variety of agricultural products, including milk and cheese, cherries, apples, and increasingly, wines. The basin's plentiful water, moderate climate, and well-drained soils are ideally suited for these high-value crops. They also provide tremendous economic benefits to the region, value-added opportunities, and regional distinction. The benefits of cheese

to Wisconsin, cherries to Traverse City, and wines to the Finger Lakes of New York go far beyond the farm gate.

Unfortunately, many of these industries are losing their local flavor. Enormous dairies are proliferating in the arid Southwest. From an ecological perspective, dairy production in southern California and Arizona is a significant concern. Alfalfa, the primary cattle feed, is a water-intensive crop, and dairy cows also require a considerable amount of water. If the Compact creates one more reason for dairy production to shift to other parts of the country, any water conservation benefits in the Great Lakes basin would be more than offset by increased water consumption in arid parts of the country. The basin's apple industry is also in a period of adjustment, as Chinese frozen apple juice concentrate has flooded the market and caused prices to plunge.

It's in the best interest of the basin's economy and ecology to keep these local industries thriving. Regulating the largest agricultural water users makes sense, but this should be coupled with programs that encourage the efficient use of water for our region's high value crops. An analysis of the correlation of water use to crop values may be one method of determining potential incentives for higher value cropping systems.

- **Ensure that the Decision-Making Standard fairly assesses agricultural water use.** Section 4.9.1 states, "The need for all or part of the proposed Consumptive Use, Withdrawal, or Exception cannot be reasonably avoided through the efficient use and conservation of existing water supplies." A water-bottling plant or an industrial user of water can manage water use with relative ease, and has the capital and labor to ensure the efficient use of water. Agricultural irrigation, which by its nature requires the dispersal of water, makes the implementation of conservation measures much more difficult and expensive. Any future reviews of water use should consider the fundamental difficulties and expense of implementing efficient irrigation systems, and consider the ancillary benefits of agriculture that go along with its water consumption.

Thank you for your consideration of these comments. We look forward to continued collaboration with the Council of Great Lakes Governors. If you have any questions, please contact me at (612) 870-3420, [mmuller@iatp.org](mailto:mmuller@iatp.org).

Sincerely,

Mark Muller  
Director, Environment and Agriculture Program  
Enclosures (2)