



Industrial Energy Consumers of America *The Voice of the Industrial Energy Consumers*

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Headline: “IBEW/AEP Global Reach Climate Proposal – Even if it Achieved WTO Approval with Changes – Would be Victory on Paper Only”

WASHINGTON D.C. – “There is consensus by the manufacturing sector that the IBEW/AEP proposal will not work,” said Paul N. Cicio, President of the Industrial Energy Consumers of America (IECA). “It simply does not recognize the realities of the global market place in which manufacturers compete. Even with modifications such as the same starting dates and base lines, no one believes that countries like China or India will sacrifice their manufacturing jobs for ghg reductions. Many foreign countries subsidize their manufacturing sector and will find ways to compensate them for the cost of climate compliance with U.S. laws. Countries do not play fair when it comes to trade.”

In a March 3, 2008 letter to Chairman Dingell and Chairman Boucher, IECA said, “There is no effective solution. There are only imperfect solutions that carry significant and varying unintended consequences. Many of which could not reveal themselves till much later and when it is too late to save the manufacturing industries. Also, the prospects for establishment of reciprocal barriers to trade is a likely outcome.”

“If major developing countries do not regulate or enforce air emission reductions, they surely are not going to enforce ghg emission reductions,” said Paul N. Cicio. “Our point is that even if on paper a modified IBEW/AEP proposal could pass WTO, U.S. manufacturers would lose competitiveness to such countries and it would be a victory on paper only and at the price of dismantling our industries.”

The IBEW/AEP Proposal only applies to a small narrow group of commodities like cement, aluminum and steel. Products made from those same commodities would not be subject to any carbon restrictions. This will only encourage our foreign competitors to import the finished product to avoid carbon restrictions and nothing will have been achieved.

Several developing countries subsidize their manufacturing industries in many different ways for purposes of job creation and trade currency. Energy is high on the list of subsidies but there are many others. There is little doubt that these same countries will provide carbon allowance subsidies.

IECA is a 501 (C) (6) nonprofit organization created to promote the interests of manufacturing companies for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: plastics, cement, paper, food processing, chemicals, rubber, fertilizer, construction products, steel, glass, industrial gases, pharmaceutical, aluminum, brewing, brick and automotive supply.