



Climate Cap-and-Trade Bill Assures Continued Loss of Manufacturing Jobs

By Paul Cicio
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With the economy in recession and unemployment a stark reality for an increasing number of Americans, one would think that lawmakers in Washington, D.C., would run from efforts that would promote further job loss. Unfortunately, Congress is charting a precarious course with the American Clean Energy and Security Act, more commonly known as the Waxman-Markey climate bill. Now is not the time to impose manufacturing businesses with costs that will threaten our competitiveness and jobs.

As head of the only manufacturing trade association in the country that focuses exclusively on energy and environment issues, I believe this approach puts the future of the U.S. manufacturing sector at stake — harming employees and consumers.

Though the goal of a cap-and-trade system is supposedly to create jobs by transitioning the U.S. to a clean-energy economy, cap-and-trade will have the opposite effect, displacing U.S. manufacturing jobs and stimulating economies overseas through increased reliance on imported goods.

The U.S. manufacturing sector is already heavily burdened with higher costs than a lot of our competition overseas, costing the country 5.1 million jobs since 2000, or 29.6 percent of the total industry, according to the Bureau of Labor Statistics. Manufacturing investment in the U.S. as a percent of the gross domestic product has consistently fallen, which is a clear indicator that the U.S. is not a favorable place to invest. Unilateral climate action and the imposition of new carbon and energy costs will assuredly make things worse and would be a detriment to the manufacturing sector's economic growth. What Congress apparently does not understand is that if cap-and-trade becomes law, manufacturing companies will take preemptive action. They will not wait until 2014 to invest their capital in other countries.

The international offsets within the Waxman-Markey bill pose yet another problem, sending our valuable capital to foreign countries instead of using it to spur energy efficiency improvements and job creation at home. There has been little to no commitment from developing countries, including China or India, to impose

emissions reductions on their manufacturing sectors. These offsets will certainly not incentivize them, given that they would have to forgo the lucrative opportunity of creating and selling offsets to the West, a multibillion dollar business. The manufacturing sector is their engine of economic growth, employment and export dollars. These countries have repeatedly said they will not jeopardize economic growth, and neither should we.

The manufacturing sector has a long-standing record of consistent improvement in energy efficiency. Our greenhouse gas emissions are near 1990 levels, while emissions from other sectors are up about 30 percent. We provide the majority of the cogenerated electricity for the country, which is double the efficiency of electric utility production. We are the nation's leaders on the use of recycled steel, aluminum, glass and paper, which is also extraordinarily energy efficient. Our products provide the building blocks necessary to grow the economy and reduce GHG emissions. Clearly, we are a model for balance between business and the environment.

Manufacturers are willing to take action to reduce greenhouse emissions, so long as it is done cost-effectively and without putting us at a competitive disadvantage. Unfortunately, the current approach moving through Congress imposes higher costs on manufacturers that will lead to fewer jobs, more manufacturing moving overseas and higher costs for consumers.

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