



Industrial Energy Consumers of America

1155 15th Street, NW, Suite 500, Washington, D.C. 20005

Telephone 202-223-1661 Fax 202-223-1420 www.ieca-us.org

May 23, 2006

The Honorable Richard G. Lugar
The Honorable Joseph R. Biden

Dear Senators:

In behalf of the Industrial Energy Consumers of America (IECA), we strongly oppose S. RES. 312, a sense of the Senate on climate change that puts the Committee on Foreign Relations on record supporting the establishment of flexible international mechanisms (cap & trade) as US policy. This is the same policy that increased EU electricity prices by 54 percent; increased EU carbon prices from 8 to 31 Euros, a 380% increase; and increased fuel switching from coal to natural gas. The result was higher electricity, natural gas and carbon prices for manufacturers and all consumers. Flexible mechanisms, a cap & trade policy has failed in Europe; creates winners and losers; is far more complex than any other policy option; will not work cost-effectively in the US or internationally.

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, fertilizer, insulation, steel, glass, industrial gases, aluminum, pharmaceutical, and brewing.

We urge the Congress to first get our own house in order before we take on international commitments which would further the flight of our struggling manufacturing sector which has lost 3.0 million high paying jobs since year 2000. The Congress should not act on climate change policy independently of, for example, increasing US supply of less carbon intensive sources of energy such as natural gas, nuclear and renewable energy supply. To do so will result in even higher energy costs and further loss of competitiveness of manufacturing.

The vast majority of US manufacturing opposes greenhouse gas control mechanisms that rely on "cap and trade" or so called flexible mechanisms as a policy vehicle to reduce US and global emissions. Cost effective policy options are available that allow for absolute reductions without loss of competitiveness and jobs. We welcome the opportunity to discuss these options with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul N. Cicio". The signature is fluid and cursive, with the first name "Paul" and last name "Cicio" clearly legible.

Paul N. Cicio
President

Senate Committee on Foreign Relations