

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS



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LEGISLATIVE ALERT!

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July 9, 2007

Dear Senator:

The AFL-CIO urges you to support the Low Carbon Economy Act of 2007—legislation drafted by Sen. Bingaman and Sen. Specter to address the problem of global climate change through the reduction of greenhouse gas emissions. This legislation represents a balanced and fair approach to combating climate change because it would apply economy-wide, it would help retain and create U.S. jobs, and it would help ensure that the U.S. economy remains competitive.

AFL-CIO members build power plants and work in factories that are a source of greenhouse gas emissions, and we are prepared to play an important role in mitigating those emissions in the future. We believe that the most equitable and effective solution to this problem is to spread the obligation for reducing greenhouse gas emission across all sectors of the economy. For this reason, we strongly support the economy-wide structure of the emissions trading system in the Low Carbon Economy Act.

Over the past several months, the AFL-CIO and many of our affiliates have participated in an open and broad-based stakeholder process sponsored by Sen. Bingaman and Sen. Specter to address key issues in the design of a "cap-and-trade" emissions trading system. We deeply appreciate being invited to participate in the crafting of this legislation, which we believe is our best chance to enact a program that results in a significant reduction of greenhouse gas emissions.

The Low Carbon Economy Act of 2007 would help avoid abrupt harm to the U.S. economy by providing adequate time for domestic industries to transition into new and emerging technologies. It includes an allowance allocation system and a "safety-valve" mechanism that are sensitive to the retention of domestic jobs. Similarly, its auction and trading system is designed to encourage positive behavior by domestic firms and prevent perverse incentives that would help drive businesses offshore.

In addition, the Low Carbon Economy Act of 2007 would direct tens of billions of dollars every year into investments and incentives for the development of new technology, including conversion to clean coal technology, carbon capture and sequestration, domestic production of advanced technology vehicles and their components, energy efficiency, and renewable energy resources.

This investment in industry and technology would serve multiple purposes. First and foremost, it would help achieve positive environmental and energy outcomes. At the same time, it would ensure that the United States benefits from these investments by capturing the intellectual property that they generate, which would ensure that these investments result in U.S. domestic production and production for export.

Finally, the Low Carbon Economy Act would address the international dimensions of the climate change problem. The participation of developing nations is critical to solving this problem while assuring the competitiveness of U.S.-based manufacturing. The fact is that China, India, and other rapidly developing countries are already a magnet for manufacturers seeking to avoid labor, environmental, and other standards. China is expected to surpass the United States in carbon emissions within the next year, with an "old technology" coal plant coming online every week and 500 such plants being planned. Much of this energy resource will be dedicated to China's manufacturing export platforms, which already account for nearly 40 percent of Chinese GDP. This year China overtook the United States as the number one exporting nation in the world, and it now accounts for 47 percent of the U.S trade deficit in manufactured goods.

To address the international aspects of the climate change problem, the Low Carbon Economy Act of 2007 would direct the U.S. executive branch to undertake aggressive efforts to negotiate agreements with major greenhouse gas emitters in the developing world to reduce their emissions. Should such efforts fail, the legislation would establish a mechanism to impose an allowance requirement on exports to the U.S. from major emitters that have not enacted policies to reduce emissions. The legislation would allow this allowance holding requirement to be altered when the emitting nation takes similar action to reduce greenhouse gas emissions.

Of all the legislative proposals introduced this Congress, we believe the Low Carbon Economy Act of 2007 represents the best approach to address the problem of global climate change, and we urge you to cosponsor and support this important bill.

Sincerely,



William Samuel, Director
DEPARTMENT OF LEGISLATION