

American Materials Manufacturing Alliance

The Aluminum Association, American Chemistry Council, American Forest & Paper Association, American Iron and Steel Institute, The Fertilizer Institute, National Lime Association, Portland Cement Association

ENERGY INTENSIVE/TRADE EXPOSED MANUFACTURERS (EITE) BACKGROUND

EITE manufacturers create products used by consumers and businesses around the world. Our organizations collectively employ millions of Americans and generate more than \$1 trillion in economic output. Many of our manufacturing facilities are in rural areas and provide high-paying jobs that are the foundation of their communities.

As EITE manufacturers, we compete globally, and many of our products are commodities that have pricing structures set on a global basis. For larger industrial facilities, energy is traditionally one of our highest costs of production and increasing these costs will harm our ability to compete. We continually invest in energy efficiency and other measures that help reduce these costs.

Certain climate policies are specifically designed to raise energy costs. While our industries support actions to reduce GHG emissions, policies must ensure the competitiveness of U.S. manufacturing, especially the EITE sectors. These policies must also recognize that many of the products and inputs made by EITE industries help reduce GHG emissions and will be essential to meeting climate goals.

Increasingly, U.S. manufacturers face competition from foreign suppliers who import unregulated, higher-carbon materials into the U.S. market without complying with the stringent wage, environmental, health, and safety standards imposed on domestic manufacturers. These imports increase global carbon emissions by raising shipping and transportation-related emissions, and in many cases, are made using production capacity that is less energy-efficient and more carbon-intensive than that currently operating in the United States.

Making progress toward reducing GHG emissions while minimizing costs to society requires consistent and predictable policies, as well as regulatory environments that foster innovation, investment, and economic growth.

CLIMATE CHANGE PRINCIPLES

Climate change is a global challenge, and we support measures to tackle this problem while preserving the global competitiveness of domestic EITE manufacturers. As Congress considers climate policy, it will need to be mindful that today's markets are highly competitive and interconnected. Policymakers will also need to consider the ability of the manufacturing sector to absorb the uncertainty and costs associated with reducing CO₂ and other GHG emissions.

Any new U.S. climate policies that regulate the six GHG emissions must incorporate the following principles:

- ***Preserve the Competitiveness of U.S. Manufacturing.*** Any climate policy must enable EITE industries to create jobs and succeed in the global economy. GHG limitation policies must recognize that direct and indirect energy and related costs will likely be created for domestic manufacturers. Such policies should ensure that the international competitiveness of U.S. manufacturing is not hindered but is instead enhanced.
- ***Recognize U.S. Energy Security.*** U.S. climate policy must recognize the national and industry interest in America's vast oil and gas resources. U.S. policy should focus on expanding all energy and feedstock supplies, including both conventional and alternative fuels. U.S. policy should strongly encourage the use of energy-efficient products and technologies. Regional or national climate and energy policies should be fully integrated.
- ***Support Investment in New Technology and Innovation in New Products.*** U.S. climate policy must support capital investment in state-of-the-art manufacturing capacity to achieve emission reductions and reward investments in combined heat and power, energy efficiency, demand response, recycling, and renewable energy. Regulatory barriers to a lower carbon future should be removed.
- ***Accelerate and Incentivize Research, Development, and Deployment of Carbon Capture, Use and Storage (CCUS) Technologies.*** Reducing energy and fuel-related emissions is one part of the puzzle, but without technologies to capture and use or store carbon from process emissions, many industries lack the tools to address their full CO₂ footprint. Federal policy must provide incentives to help accelerate the research and development of cost-effective CCUS technologies.
- ***Credit Avoided Emissions.*** America's materials manufacturers produce a host of products that save energy and reduce emissions across the economy. Many of our manufacturers have already invested heavily in energy efficiency to produce less-carbon-intensive goods compared to the rest of the world. Congress must recognize and reward manufacturers for the emissions avoided or sequestered using their products.