

**Testimony of  
David Foster  
Executive Director  
Blue Green Alliance  
On behalf of United Steelworkers  
Before the California Air Resources Board  
Hearing on  
*"Early Action Items"*  
October 25, 2007**

Madam Chair, Members of the Board, My name is David Foster. Currently, I serve as the Executive Director of the Blue Green Alliance, a public policy partnership of the United Steelworkers (USW), North America's largest manufacturing union with 850,000 members and the Sierra Club, our nation's largest and oldest, grassroots' environmental organization with 1.3 million members and supporters.

Before serving in this capacity I spent 31 years as a member of the United Steelworkers and for 16 years served on the union's International Executive Board as the Director of District 11, a 13-state region based in Minnesota.

I want to speak briefly today on behalf of the United Steelworkers which represents a majority of the hourly employees in California's cement industry.

Our union has recognized the importance of taking serious measures to combat global warming for almost 20 years, having identified climate change as the most serious environmental challenge facing us. We have also been consistent advocates for a strong international treaty process, including the Kyoto Treaty. We have supported state actions on global warming nationally and around the country. We also believe that for global warming regulatory systems to be effective they must embody certain principles that will ensure that the transition to a clean energy economy does not devastate the job base of our communities.

In this regard, we are concerned about the implementation of early action items before the creation of a mechanism to measure and price carbon emissions on cement products imported into California. .

CARB needs to adopt the principle that the state of California developed for measuring the carbon output of its electrical power producers to all other emission-intensive industrial production in the state. In the case of electrical power generation, AB32 measures the carbon emission of electrical generation consumed in CA at its actual point of production. Consequently, for example, electrical power produced in a dirty coal fired plant in NV does not get a free pass when imported into the CA market. Such a power producer would have to purchase carbon emission allowances at the going rate before it could transfer its power into CA. Thus, CA producers of clean energy cannot be undercut by the production of dirty power produced outside the state and imported into it.



Every product manufactured in the world today has its own carbon footprint—the carbon emissions associated with the production of that product. AB32 should require that producers of emission-intensive products imported for consumption in California purchase the same emissions allowances that California producers must when they sell their products in the same market. Similarly, emissions associated with products produced in California but exported should be allocated to the exporting state or nation rather than California. Any other principle would sorely disadvantage California industries and act as a powerful lever for driving additional jobs offshore.

Take for example, the California cement industry. Unless foreign producers of cement and producers from other domestic states who import cement into CA are required to buy the same emissions allowances that CA producers purchase, AB32 will have the perverse affect of encouraging CA cement producers to curtail production and/or relocate their facilities outside the reach of AB32.

However, if emission allowances are required on the basis of product consumption in California, this problem can be fixed. No California manufacturer will be disadvantaged by operating in the state and will, in fact, have a strong incentive to apply the energy efficient technologies that AB32 was designed to encourage.

We hope that before any early action items are affirmed by the Board that the issues of “leakage” and the likely result of significant job loss resulting from imports will be addressed. The sequencing of these steps is of fundamental importance to successful AB32 implementation. We would encourage the ARB to evaluate the early action steps under consideration from this point of view. First, address the “leakage” and import issues. Then take the steps requiring emission reductions.

Thank you for this opportunity.





**UNITY AND STRENGTH FOR WORKERS**

## **District 12**

**Terry L. Bonds**  
District Director

**Robert LaVenture**  
Assistant to the Director

August 10, 2007

To: California Air Resources Board

Mary Nichols, Chairperson  
Headquarters Building  
1001 "I" Street  
P.O. Box 2815  
Sacramento, CA 95812

Dear Members of the Board,

I write to register several concerns of the United Steelworkers, North America's largest manufacturing union, regarding the implementation of California's global warming legislation, AB-32.

Our union has recognized the importance of taking serious measures to combat global warming for almost 20 years, having identified climate change as the most serious environmental challenge facing us. We have also been consistent advocates for a strong international treaty process, including the Kyoto Treaty. However, we also believe that for global warming regulatory systems to be effective they must embody certain principles that will ensure that the transition to a clean energy economy does not devastate the job base of our communities.

In our view there are four essential components to an AB32 implementation plan. First, the system should cover all sectors and all global warming pollutants that can be reliably measured. Neither industry nor any other sector should be singled out for additional burdens, and all coverage should be effective at the same time.

Second, carbon emission allowances or permits should be auctioned. Such a mechanism for pricing the carbon in our atmosphere is essential if we are to raise the investment funds to construct the new clean energy economy in California, provide investment capital to guarantee that new technologies are available to our existing plant infrastructure, and make certain that the effects of re-pricing carbon fuels are not felt disproportionately by working families and small businesses.

Simply, issuing emission permits to existing industry on the basis of their historic performance will create a trading system with inherent flaws. Some industries may use such a system to guide them in making rational investments that achieve a beneficial social outcome. For others, however, it will simply provide a perverse incentive to shut down existing California plant capacity and either relocate in other states or distant parts of the world. An auction system, capable of providing meaningful incentives for reinvestment in domestic energy-efficient industries, should be our immediate goal.

**United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union**

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