

The Honorable Max Baucus  
Chairman, Committee on Finance  
United States Senate  
Washington, DC 20510

The Honorable Dave Camp  
Chairman, Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Orrin G. Hatch  
Ranking Member, Committee on Finance  
United States Senate  
Washington, DC 20510

The Honorable Sander Levin  
Ranking Member, Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

May 2, 2013

Dear Chairmen Baucus and Camp and Ranking Members Hatch and Levin:

The undersigned organizations, working together in support of manufacturing in the United States, are writing to express our concern with a carbon tax. Manufacturers use one third of all energy consumed in the U.S. and depend on reliable, low-cost energy sources to compete in a global marketplace. A carbon tax would increase the costs of natural gas, coal and petroleum products, resulting in higher production costs, less spending on non-energy goods, fewer jobs and slower economic growth.

A study recently commissioned by the National Association of Manufacturers found that under the two scenarios they modeled a carbon tax was bad for the economy and would have a negative effect on jobs, energy costs and industrial output. A copy of the study is enclosed.

Nationally, a carbon tax designed to reduce CO<sub>2</sub> levels by 80 percent could place tens of millions of jobs at risk and raise gasoline prices by over \$10 a gallon, natural gas prices by almost \$60 per MMBtu, and residential electricity prices by over 40 percent. The study also found that a carbon tax would have a negative impact on manufacturing output. In energy-intensive sectors manufacturing output could drop by as much as 15.0 percent and in non-energy-intensive sectors by as much as 7.7 percent. The overall impact on jobs would be substantial, with a loss of worker income equivalent to between 1.3 million and 1.5 million jobs in 2013 and between 3.8 million and 21 million by 2053.

Meanwhile, U.S. manufacturers continue to develop and implement measures that use energy more efficiently, utilize alternative sources of energy, and develop new technologies leading to fewer GHG emissions – all this without artificially increasing the cost of energy with a carbon tax. Through innovation, manufacturers have led a quantum shift in energy production in this country that, along with the potential to create millions of new jobs, will help lead to a sustainable future for generations to come. We need policies that help foster continued innovation and growth, not stifle progress by adding crippling costs to energy use.

As the enclosed study concludes, a carbon tax would have a net negative effect on consumption, investment and jobs, resulting in lower federal revenues from taxes on capital and labor. Any revenue raised by a carbon tax would be far outweighed by the negative impacts to the overall economy.

With the right policies, manufacturers and their suppliers will lead the economic recovery, create millions of jobs and develop the technologies that will lead to a sustainable future. We thank you for your attention to this important manufacturing issue.

Sincerely,

American Fuel & Petrochemical  
Manufacturers

American Coke & Coal Chemicals  
Institute

American Composites  
Manufacturers Association

American Forest & Paper  
Association

American Foundry Society

American Institute for International  
Steel

American Iron and Steel Institute

American Loggers Council

American Petroleum Institute

AMT - The Association For  
Manufacturing Technology

APA - The Engineered Wood  
Association

Appalachian Hardwood  
Manufacturers Inc.

Architectural Woodwork Institute  
(AWI)

Brick Industry Association

Can Manufacturers Institute

Composite Panel Association

Fabricators and Manufacturers  
Association, International

Farm Equipment Manufacturers  
Association

Fontana Wood Preserving, Inc.

Forging Industry Association

Glass Packaging Institute (GPI)

INDA, The Association of the  
Nonwoven Fabrics Industry

Independent Lubricant  
Manufacturers Association

Industrial Energy Consumers of  
America

Industrial Fasteners Institute

Interlocking Concrete Pavement  
Institute

Kitchen Cabinet Manufacturers  
Association

Lignite Energy Council

Metal Powder Industries Federation

Metals Service Center Institute

Mississippi Forestry Association

Montana Wood Products  
Association

National Association of  
Manufacturers

National Automatic Merchandising  
Association

National Council of Textile  
Organizations

National Marine Manufacturers  
Association

National Mining Association

National Oilseed Processors  
Association

National Wood Flooring Association

National Wooden Pallet and  
Container Association

Non-Ferrous Founders' Society

North American Die Casting  
Association  
Oregon Women In Timber  
Paperboard Packaging Council  
Plastics Pipe Institute  
Portland Cement Association  
Precision Machined Products  
Association  
Railway Tie Association  
Society of Chemical Manufacturers  
and Affiliates

South Carolina Timber Producers  
Association  
Southeastern Lumber  
Manufacturers Association  
Texas Forestry Association  
The Fertilizer Institute  
Virginia Forestry Association  
Window and Door Manufacturers  
Association

Cc: Hon. Barbara Boxer, Chairman, Senate Committee on Environment and Public Works  
Hon. David Vitter, Ranking Member, Senate Committee on Environment and Public Works  
Hon. Fred Upton, Chairman, House Committee on Energy and Commerce  
Hon. Henry Waxman, Ranking Member, House Committee on Energy and Commerce