



**American
Forest & Paper
Association**

www.afandpa.org

Climate Change Principles

The American Forest & Paper Association (AF&PA) is the national trade association of the forest products industry and advances public policies that promote a strong and sustainable U.S. forest products industry in the global marketplace. The industry is an integral part of our nation's green job base and generates approximately 6 percent of the total annual U.S. manufacturing GDP.

AF&PA's member companies make pulp, paper, packaging and wood products, and own forest land. Our companies make essential products from renewable and recyclable resources that sustain the environment. Nationwide, the U.S. forest products industry:

- *Employs approximately one million workers — on par with the nation's automotive and plastics industries.*
- *Provides green jobs that reduce greenhouse gases by sustaining the forests that absorb carbon dioxide; making the paper and wood products that store it indefinitely; generating and using more renewable energy than anyone else—28.5 million megawatt hours annually, enough to power 2.7 million homes; and recycling paper to avoid methane emissions and reduce waste.*
- *Is among the top ten manufacturing sector employers in 48 states.*
- *Is a significant taxpayer, paying approximately \$7 billion annually in federal, state, and local taxes.*



The forest products industry recognizes climate change is an issue of significant global concern. As Congress and state legislatures consider climate change legislation, it should protect American jobs, strengthen industry competitiveness, and recognize the critical role the forest products industry plays in addressing climate change.

Climate Change Legislation Should Strengthen The Competitiveness Of The Forest Products Industry And The U.S. Economy

The U.S. forest products industry is facing growing competition from other high-emitting countries such as China and Indonesia, which have lower energy costs and lower forestry, labor and environmental standards. Imposing a carbon regulation on U.S. manufacturing without requiring equal actions from other high-emitting countries will weaken American competitiveness.

Climate Change Legislation Should Ensure Reasonable Emission Allowance Prices, Adequate Allocations, And Realistic Compliance Timelines To Address Higher Energy Prices From A Lower Carbon Economy

- Because the U.S. forest products industry cannot pass on costs and remain competitive in the world economy, high emission allowance prices would significantly reduce or eliminate already slim profit margins for U.S. companies. For example, allowance prices of \$50 per ton at auction would cost AF&PA's pulp and paper manufacturers \$3.6 billion or more than 80 percent of their net income. At \$60 per ton, industry net income would be essentially eliminated.
- Energy is the third-largest manufacturing cost for the pulp and paper industry. If the industry has to pay high energy costs resulting from a carbon regulation, it must receive an adequate allocation of allowances in order to compete in the world economy.
- Technology is critical to any climate policy, and Congress and the states should support and encourage investments in breakthrough technologies to bring them into full commercial use. Emission reduction timelines should coincide with the availability of the new technology needed to achieve them.

Climate Change Legislation Should Recognize The Forest Products Industry's Important Role In Fighting Climate Change

- Because managed forests and wood products store CO₂ as carbon and contribute greatly to offsetting carbon emissions, they should be eligible for offset credits.
- Paper recycling reuses a renewable resource that sequesters carbon and helps reduce greenhouse gas emissions. Greenhouse gas reductions results from avoided methane emissions and reduced energy required for a number of paper products.
- Climate change legislation should encourage increased recycling and recognize recycling projects as eligible carbon offset project types.