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 CO₂ 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