

AISI Reaffirms Its Position on Provisions Necessary for a Successful Climate Bill;

November 5, 2009 -- The American Iron and Steel Institute (AISI) issued the following statement reaffirming its position on the provisions required for a climate bill that successfully addresses the competitiveness concerns of energy-intensive, trade-exposed industries, such as America's steel industry:

"Because the steel sector is a global industry, it is essential that adequate safeguards are an integral part of any climate policy to prevent harm to the competitiveness of American steelmakers and thereby ensure that global emissions of greenhouse gases are reduced, rather than increased, as a result. If you consider the steel sector, along with the other energy intensive U.S. industries, we will be putting hundreds of thousands of American jobs at risk if we don't adhere to this principle.

Specifically, the following is necessary:

- A sufficient pool of allowances to cover emissions-related costs
- An offset for increased energy costs due to climate policy
- An effective border adjustment provision to ensure energy-intensive imports bear the same climate policy-related costs as domestic goods

Regarding these provisions, AISI's position is that any difference in policy costs that the American steel sector faces and its foreign competitors do not, must be addressed by allowances and energy cost offsets or through border measures, for as long as that differential exists.

We are also encouraged by a report issued earlier this year indicating that border tax adjustment related to climate change policy could be drafted in a WTO-consistent manner. A report published jointly by the United Nations Environment Program and the WTO, said that 'rules permit, under certain conditions, the use of border tax adjustments on imported and exported products. The objective of a border tax adjustment is to level the playing field between taxed domestic industry and untaxed foreign competition by ensuring that internal taxes on products are trade-neutral.' "

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