

SAVE OUR JOBS

Cap and Trade “Haircut” Means a Scalping for California Jobs and Businesses

A well-designed cap and trade program will help reduce our carbon footprint while protecting California from leakage of production and jobs to other regions. Unfortunately, CARB’s proposal to withhold 10 percent of emissions allowances (the “haircut”) will lead to leakage of production and jobs while failing to achieve greenhouse gas reductions required under AB 32.

Reduced Allowances Mean Increased Trade Exposure, Contradicts Existing CARB Policy

The 10% haircut is a complete reversal of CARB’s previous recognition that cap and trade impacts on trade-exposed industries must be mitigated by a full allocation of allowances, and a direct contradiction of AB 32’s requirement for the minimization of adverse economic consequences.

Reducing Allowances Means Reducing Businesses and Jobs

A 10% reduction in allowances is an enormous increase in impacted industries’ compliance obligations, and pulls the rug out from under the transition period necessary to smoothly transition to a lower-carbon economy. The cost of compliance will make California less competitive with out-of-state businesses and drive production and jobs to other regions

“If California’s carbon-intensive trade-exposed industries face carbon costs not born by competitors outside the state, production and its associated emissions could shift from California to other regions. If this occurs, emissions outside the state would increase, thus leading to leakage of both emissions and the associated economic activity.”¹

Reducing Allowances Means Higher Energy Costs for All Industries and Threatens Jobs in All Sectors

Higher carbon costs mean higher energy costs – driving up the cost of doing business for all industries and for companies large and small. With businesses fleeing California in record numbers and the-second highest unemployment in the nation, that’s the last thing we need!

“Haircut” Reduces Jobs, Not Greenhouse Gas Emissions

Singling out trade-exposed California industries alone in the absence of a coordinated regional, federal or global cap and trade program will make us even less competitive in the global marketplace but will do nothing to achieve meaningful GHG reductions since our state generates only a minuscule fraction of the world’s GHG emissions.

“With none of California’s neighboring states committing to climate targets, emission leakage will continue as a potential risk to the program’s environmental integrity.”²

With 12% unemployment and a critical need to bring more jobs to California, we can’t afford the CARB HAIRCUT!

¹ Robert N. Stavins, Todd Schatzki, The Analysis Group, Comment Letter to CARB 8/29/11

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