



AMERICAN FOREST & PAPER ASSOCIATION

GROWING WITH AMERICA SINCE 1861

Office of the President

March 19, 2007

The Honorable John D. Dingell  
Chairman  
Committee on Energy and Commerce  
United States Senate  
Washington, D.C. 20510  
and

The Honorable Rick Boucher  
Chairman  
Subcommittee on Energy and Air Quality  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Dingell and Chairman Boucher:

The American Forest & Paper Association (AF&PA) appreciates this opportunity to provide the Committee with input from the U.S. forest products industry on climate change policy approaches. AF&PA is the national trade association of the forest, pulp, paper, paperboard, and wood products industry. The industry accounts for approximately 6 percent of the total U.S. manufacturing output, employs more than a million people, and ranks among the top 10 manufacturing employers in 42 states with an estimated payroll exceeding \$50 billion.

The forest products industry has a unique ability to provide perspective on climate change policy options. Our industry is comprised of those who plant and grow trees, and those who use recovered paper and timber as raw material to manufacture paper and wood products that are part of our every day lives. From the morning newspaper to the cereal box, to the lumber in construction of our homes, this industry touches nearly every facet of our daily lives. The industry emits carbon (CO<sub>2</sub>) from fossil fuel use; it also uses carbon neutral biomass as a raw material and for fuel, and sequesters carbon in its forests and its many products. Consequently, the industry will be affected by myriad policies designed to control emissions.

The industry has made great strides in reducing its carbon footprint. Collectively, AF&PA members committed to reduce their emissions intensity by 12 percent by 2012 under the Department of Energy's (DOE) Climate VISION program. Between 2000 and 2004, AF&PA member companies collectively reduced their direct greenhouse gas

(GHG) emissions 16 percent, which translates to a 12 percent reduction in intensity of direct emissions. We are proud of our record and our ongoing commitment. While our current policy is to support voluntary initiatives as the mechanism for addressing climate change concerns, AF&PA has conducted preliminary analysis into the effects of mandatory climate requirements on our industry. Additional analysis is underway currently and we plan to refine our positions as legislative discussions progress.

***1. Please outline which issues should be addressed in the Committee's legislation, how you think they should be resolved, and your recommended timetable for Congressional consideration and enactment. For any policy recommendations, please address the impacts you believe the relevant policy will have on emissions of green house gases and the rate and consequences of climate change; and the effects on the U.S. economy, consumer prices, and jobs.***

Like many U.S. manufacturing industries, the forest products industry faces increasing domestic and international challenges. Since early 1997, 136 pulp and paper mills have closed in the U.S., contributing to a loss of 85,000 jobs, or 39 percent of our workforce. An additional 60,000 jobs have been lost in the wood products industry since 1997. Many of these mills are in rural areas and were the major source of employment for the locale. New capacity growth is now taking place in other countries, where forestry, labor, and environmental practices are not as responsible as those in the U.S., and where energy costs are significantly lower. The Committee should be mindful that, unlike other sectors, manufacturers of forest products are not insulated from global competition and cannot pass compliance costs along easily to consumers. Many of our products are commodities whose prices are set in global markets.

In fact, U.S. forest products manufacturers face extreme competition from high-emitting nations. U.S. imports of forest products have consistently grown at a faster rate than American exports, resulting in an ever-widening trade deficit. Much of the growth in forest products imports in the past few years has come from developing countries such as China and Indonesia. We are concerned that enforcing a GHG mandate on domestic manufacturing without equivalent commitments from high-emitting competitor countries will make foreign products even cheaper to produce relative to U.S. goods and skew further our escalating trade imbalance.

Because of our concerns about competitiveness, we urge the Committee to consider carefully all options before defaulting to a cap-and-trade system for GHG emissions reductions. Numerous alternative approaches, including voluntary programs with triggers, carbon taxes, incremental mechanisms within tradable permit programs, and hybrid approaches have yet to be studied in-depth by Congress. We encourage

the Committee to take the time to consider the effectiveness of these options, as the potential environmental and economic consequences are significant.

We also urge the Committee to consider carefully the interplay between mandatory actions on climate change and national energy policy before imposing GHG emissions controls on the manufacturing sector. The forest products industry has a unique perspective on energy policy issues because we both produce and consume significant amounts of energy. On the production side, approximately 60 percent of pulp and paper mills' total energy demand is supplied from biomass, such as wood wastes and by-products of the pulping process. The industry also is a leader in the use of highly efficient co-generation technology — we co-generate electric power from these resources, both for internal use and for sale to the power grid. Unlike utility generating capacity, our generation is tied to our manufacturing processes. Although an important cost savings factor for our industry (relative to the substantive power we purchase from utility generators), generation is a secondary function to manufacturing forest products and, therefore, subject to operating and economic constraints not shared by utilities.

The remainder of our energy consumption must be met through the purchase of significant amounts of energy (e.g., natural gas, electricity, coal), and thus those energy costs are a significant cost driver for the industry. Currently, energy is the third largest manufacturing cost for the industry. Any policy structure that results in cost increases for these critical fuel sources will have a negative effect on our competitiveness, since those costs have been and will continue to be passed along to energy consumers, such as our industry. Moreover, because we are not insulated from global competition, we cannot pass those costs along to our customers easily.

As much as 22 percent of the energy used to produce paper products comes from natural gas, and the industry relies on natural gas more than any other fossil fuel. For many years, federal policies have encouraged increased consumption of clean burning natural gas to meet environmental objectives. At the same time, other federal policies have restricted access to supplies of natural gas both on and offshore. These conflicting policies have resulted in a serious supply-demand imbalance, with natural gas prices rising to levels that harm the global competitiveness of manufacturing in the U.S. A climate policy that encourages increased use of natural gas without taking into account supply and demand effects will be detrimental to the forest products industry and U.S. manufacturing overall.

The Committee should also recognize the importance of technology research, development, and deployment in decreasing the concentration of carbon in the atmosphere. The forest products industry is involved in a wide variety of programs to develop renewable energy and promote understanding of forest sequestration. We are developing biorefining technology that uses advanced technologies to grow and convert

forest materials to bio-energy and bio-products while manufacturing traditional products. The residual pulping liquors from the paper-making process are uniquely suited for gasification, and the resulting synthetic gas can be used for electric power, converted to fuels, or used to make high value chemicals. Also, the industry is working with the U.S. Forest Service, universities, and others on a wide range of forest sequestration research projects, including research on the potential of sustainably managed forests to store carbon and produce renewable energy.

Potential legislative approaches by the Committee should take these efforts into account, especially recognizing the long term capital planning cycles and the need for long-term certainty by companies investing in technologies that reduce and/or prevent an increase in the concentration of GHGs in the atmosphere. Any program goals and targets should employ technology-based timetables that take into account the time it takes to develop and deploy these new technologies.

Another critical issue for the Committee to consider is the potential effect on biomass prices — an issue that is unique to the forest products industry among all manufacturing sectors. Wood-based biomass, a primary raw material for manufacturers of paper and wood products, is being widely promoted as a substitute for fossil fuels in industrial and transportation uses. Our preliminary analysis indicates that a key economic consequence for the forest products industry of climate change policies under consideration is the potential for rising fiber costs. Even so, our industry is among those interested in producing biofuels using technology that integrates with our existing mill processes. Those technologies also could provide a substantial carbon benefit, reducing industry-wide emissions by nearly 100 million tons per year. Yet, this benefit cannot be realized if policies skew the market to drive wood into biofuels production at the expense of traditional forest products manufacturing, causing industry to close U.S. mills. On the other hand, biomass initiatives have the potential to enhance markets for wood significantly, thereby increasing the economic value of that resource. Increased uses and values for forests could encourage reforestation and afforestation, which in the long-run, could result in an abundant supply of biomass for both manufactured product and for energy production.

The industry has adopted a policy that relies on market-based principles to balance these perspectives and to ensure an adequate and long-term supply of biomass for all forest products industry companies. We encourage the Committee to do the same as it develops any legislation, and to use market-based approaches that will allow woody biomass to go into the most economic uses today, while ensuring that the foundation is available for technologies to produce biofuels tomorrow.

Finally, it is imperative that the U.S. take the time to learn from the European Union's (EU) experience under the Emissions Trading System (ETS) implemented by

the EU as the mechanism to reduce GHGs. In the current ETS system, the immediate needs of individual companies, as well as their potential growth, are not always addressed in a fair and transparent manner. The heavy monitoring, reporting, and verification requirements have resulted in significant costs for industrial facilities. Because ETS covers only industrial facilities, they shoulder the burden instead of the burden being spread equitably across all sectors of the economy. Two of the most troubling aspects of the program include the inability of many industries to internalize CO<sub>2</sub> costs and pass those on to their customers, and the rising cost of electricity. These problems can be mitigated by a carefully planned market-based system.

**2. One particular policy option that has received a substantial amount of attention and analysis is "cap-and-trade." Please answer the following questions regarding the potential enactment of cap and trade policy:**

Currently, AF&PA does not have a position on cap-and-trade. While we have conducted a preliminary economic analysis of mandatory climate requirements on our industry, we have yet to study in-depth individual legislative proposals. As Congress focuses on specific legislation, we will conduct additional analysis and engage the Committee in further discussions.

**a. Which sectors should it cover? Should some sectors be phased in over time?**

Emission reduction requirements should be efficient, broad-based, and incorporate potentially different approaches for different sectors. According to DOE's Energy Information Administration, sector CO<sub>2</sub> emissions as a percentage of total emissions are 40 percent for the utilities sector, 33 percent for transportation, 17 percent for manufacturing, 6 percent residential, and 4 percent for commercial businesses. U.S. industrial emissions are currently below 1990 levels, and manufacturing energy use is projected to continue to decline while transportation and commercial sectors' energy use is projected to increase. The U.S. forest products industry's direct CO<sub>2</sub> emissions are approximately 8 percent below 1990 levels. However, by 1990, the forest products industry already had reduced its emissions significantly through implementation of energy efficiency measures in the 1980's. Therefore, these significant CO<sub>2</sub> emissions reductions are not accounted for in the 8 percent figure.

Regarding phasing in sectors over time, as stated, any program goals and targets should take into account the time it takes to develop and deploy new technologies. Phasing in requirements on a particular sector may be an efficient way to address this concern.

***b. To what degree should the details be set in statute by Congress or delegated to another entity?***

Congress has an obligation to study all approaches thoroughly before deciding upon the most appropriate emissions control policy for the country. Many of the legislative proposals made in the 110th Congress would have far-reaching implications on numerous policies, including: agriculture, energy, international, transportation, and tax. These policy proposals should be evaluated by the experts in Congress with experience in these areas.

In general, when Congress enacts legislation, it should provide sufficient detail for unambiguous agency implementation and economic certainty. Congress also should avoid language that allows the implementing agency to revise the rules dramatically over time, either of its own accord or because the original rules have been overturned by a federal court. Anytime Congress establishes a program, it should set clear and consistent statutory timeframes for compliance that reflect the complexity of the issue. Overly broad or ambiguous statutes often result in changing obligations and moving targets. For example, the National Ambient Air Quality Standard (NAAQS) for particulates (and potentially ozone) has changed even before the previous standard was implemented.

***c. Should the program's requirements be imposed upstream, downstream, or some combination thereof?***

Any approach to emissions reduction should be efficient, broad-based, and spread across the economy. It remains unclear whether a cap-and-trade system would meet that test. Our primary concern with an upstream program focused on energy producers is that it would result in compliance costs being passed on to manufacturing industries, such as the forest products industry, in the form of higher energy costs.

***d. How should the allowances be allocated? By whom? What percentage of the allowances, if any, should be auctioned? Should non-emitting sources, such as nuclear plants, be given allowances?***

Preliminary analysis shows that purchasing allowances at auction could be the single most significant cost variable of a mandatory program to our industry, running into the billions of dollars. Those industries that cannot pass through compliance costs and compete with foreign entities not subject to emissions constraints will shoulder the biggest burden. Energy providers, on the other hand, have the ability to pass costs along to their customers. As large energy users, the forest products industry will pay for both its own costs of the program, as well as the utilities' costs in the form of higher energy prices. Moreover, the industry will pay for a portion of transportation costs as

raw materials are acquired and products are delivered. Before defaulting to a cap-and-trade system, the Committee should determine whether this scenario can be avoided to ensure that any control program is fair and distributes costs proportionately.

***e. How should the cap be set (e.g., tons of greenhouse gases emitted, CO2 intensity)?***

Any emissions control program must be flexible enough to accommodate new production growth and new market entrants. Current AF&PA climate change policy measures our industry's reductions in GHG intensity. The commitment made by our member companies under the DOE Climate VISION program is to reduce collective emissions intensity by 12 percent by 2012 relative to 2000. As detailed further in this response, we have been successful in this regard. From 2000 to 2004, AF&PA member companies achieved a collective 12 percent reduction in intensity of direct emissions. Currently, we are undertaking an analysis to determine which measurement tool is most appropriate for our industry, depending on the specifics of various legislative approaches.

***f. Where should the cap be set for different years?***

We are not convinced that a cap-and-trade program is the best approach to controlling emissions. The Committee should study all options including voluntary programs with triggers, carbon taxes, incremental approaches, and hybrid schemes. It is extremely important that any regulatory program allow adequate time for the introduction and implementation of new technology. In addition, the forest products industry is an extremely capital intensive industry, with investment cycles for plant and equipment that could extend as long as 30 years. As such, any emissions control program must provide long-term certainty so that the industry can deploy its limited capital in as cost-effective a manner as possible. The Committee should consider on-ramps linked to technology development, the actions of high-emitting nations, and other relevant circumstances. While the Committee may want to consider off-ramps as well, we would caution that any initial period of compliance may be sufficient to devastate certain industries.

***g. Which greenhouse gases should be covered?***

Successful voluntary programs include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. Consistent with our stated concern to spread costs as broadly and fairly as possible across the economy and to minimize accumulated effect on manufacturing, consideration of all GHGs is relevant and should be approached to maximize reduction potential at the lowest cost.

***h. Should early reductions be credited? If so, what criteria should be used to determine what is an early reduction?***

Early reductions have been successful and show that voluntary programs can and do work. At a minimum, any approach should grant credit for reductions made as part of commitments under voluntary GHG reduction programs, such as the DOE's Climate VISION program, EPA's Climate Leaders program, the Chicago Climate Exchange, and individual, publicly-made company commitments. More detail about the forest products industry's voluntary reductions is provided in Question 5. The Committee should be mindful that the baseline chosen will be arbitrary, will result in winners and losers, and may serve to undermine the reductions made by those participating in voluntary emission reduction programs. While significant energy efficiency improvements have been made already by U.S. manufacturers, the timing of these reductions has varied by industry and company. Meanwhile, companies in other high-emitting nations that have not made these early efficiency improvements will be able to make more cost effective reductions than those in the U.S., where there is no more low-hanging fruit.

***i. Should the program employ a safety valve? If so, at what level?***

Congress should avoid creating an economic hardship for any industry sector. Our ongoing analysis is examining mechanisms to achieve this goal, including analyzing the safety valve concept to understand better how it could benefit the forest products sector.

We would like to emphasize that for the forest products industry, significant economic hardship is not limited to increasing energy prices. As discussed earlier, our preliminary analysis also indicates that a key economic consequence for the forest products industry is the potential effect on biomass-raw material prices. The industry has adopted a policy that relies on market-based principles to address this and we encourage the Committee to do the same, so as to avoid dislocations in the economy resulting from the imposition of GHG control requirements.

***j. Should offsets be allowed? If so, what types of offsets? What criteria should govern the types of offsets that would be allowed?***

Unlike other air emissions, there are no end-of-stack control technologies that can reduce CO<sub>2</sub> emissions. Energy efficiency measures, fuel switching, and offsets are the three primary methods that facilities can use to reduce emissions. The technology investment needed to make significant improvements in energy efficiency will take time, and fuel switching will cause significant increases in energy prices in the short run as demand for cleaner fuels outstrips supply. Under a cap-and-trade system, offsets

would be necessary to provide participants with cost-effective options for reducing the effects of their emissions in the atmosphere.

The U.S. forest products industry already contributes to carbon emissions reduction through its major practices, and any approach to control emissions should recognize these contributions. Credit should be given for carbon in forests (both working and conserved), forest products, co-generation, and the use of recovered materials as a feedstock for manufacturing new products.

Working forests, those that are sustainably managed for timber, sequester significant levels of carbon per year. The U.S. Forest Service estimates that 129 million metric tons of CO<sub>2</sub> are annually stored on private timberland. Since sustainably managed timberland is continually replanted and less susceptible to fire and disease, over time working forests can actually remove more carbon dioxide from the atmosphere than an unmanaged forest. An additional benefit from sustainably-managed forests is the reduction of the risk for catastrophic wildfires, which cause significant release of carbon dioxide.

Approximately 33 percent of carbon sequestered in trees remains sequestered in wood and paper products for the remainder of their useful life, which in the case of some products can be decades or centuries. The ability of forest products to store carbon is internationally recognized by climate scientists and policymakers, including the most recent guidelines from the Intergovernmental Panel on Climate Change. The EPA estimates that the amounts of carbon in wood and paper products are equivalent to removing over 100 million tons of carbon dioxide from the atmosphere every year. This is equivalent to eliminating the carbon dioxide emissions from 18 million passenger cars – 13 percent of all passenger cars on the road in the U.S.

In addition to forest and product sequestration, the forest products industry also reduces GHG emissions through co-generation and use of recycled materials. According to the latest DOE figures, 89 percent of electricity generated at paper mills in 2002 was co-generated (produced from steam generated on-site), eliminating the need to purchase electricity from the grid. In fact, many integrated pulp and paper mills actually sell renewable energy to the grid.

***k. If an auction or safety valve is used, what should be done with the revenue from those features?***

AF&PA has not analyzed or taken a position on what should be done with revenue from a theoretical safety valve feature. There are many potential uses that could help mitigate the potential negative effect of an emissions control program on affected industries and assist the achievement of shared national energy and

environmental goals. For example, revenues could be used to fund tax cuts to help offset the negative economic effects of any new climate mitigation policies on U.S. manufacturers, including possible lowering of corporate tax rates, or dividend and capital gains tax rates that will help keep the economy growing. Other possible uses include support for the research, development, and deployment (RD&D) of new technologies and processes that reduce CO<sub>2</sub> levels in the atmosphere.

For instance, a key initiative of the forest products industry is evolving existing infrastructure to integrated forest products biorefineries (IFPBs) — geographically distributed facilities that process both forest and agricultural materials to produce renewable "green" liquid transportation fuels, hydrogen, and other bio-energy and bio-products. Recent estimates from Princeton University show significant potential for net environmental benefits of IFPBs, inclusive of offsetting other fossil fuel consumption in the mill. The industry-wide potential is to reduce nearly 100 million tons of carbon emissions annually through use of IFPBs. Dedicating revenue from potential auction or safety valve features to funding RD&D partnerships could contribute towards achieving these goals. In general, AF&PA is opposed to any approach that would add discretionary funds to government coffers.

***l. Are there special features that should be added to encourage technical development?***

In particular, it is important that policies encourage private/public investments in RD&D to bring beneficial technologies into full commercial use. For the forest products industry, partnerships with the federal government are essential for accelerating the development and adoption of such technologies. This is particularly important for our industry, where adequate co-investment for RD&D can help mitigate the technical risks (especially integration with capital-intensive, legacy infrastructure) of early adopters of beneficial technologies. Risk mitigation is an important factor in achieving potential benefits, especially for integrating biorefinery technologies with existing manufacturing infrastructure.

***m. Are there design features that would encourage high-emitting developing countries to agree to limits on their greenhouse gas emissions?***

It is highly doubtful that high-emitting nations would respond to U.S. regulatory policy. Gaining internal cooperation can only be achieved through diplomacy and the collective actions of high-emitting nations. The U.S. Government should be actively engaged in the international climate policy debate and in dialogues with other high-emitting countries to achieve development of programs to reduce CO<sub>2</sub>. As it is difficult for many manufacturers to pass through CO<sub>2</sub> mitigation costs to customers in an

international marketplace, the adoption of GHG reduction requirements by the U.S. but not other high-emitting countries will put U.S. manufacturers at further competitive disadvantage.

**3. How well do you believe the existing authorities permitting or compelling voluntary or mandatory actions are functioning? What lessons do you think can be learned from existing voluntary or mandatory programs?**

Voluntary programs work. Per their commitment under DOE's Climate VISION program, from 2000 to 2004 AF&PA member companies collectively reduced their direct greenhouse gas emissions 16 percent, from 61.2 to 51.4 million metric tons of CO<sub>2</sub> equivalent. This translates to a 12 percent reduction in intensity of direct emissions, from 0.514 to 0.453 tons of CO<sub>2</sub> equivalent per ton of production. While industry has done a good job of reducing its carbon footprint, transportation and utility emissions continue to rise substantially. This is a political problem that must be addressed if real reductions are to be achieved.

Current energy data show that AF&PA members are focused on conservation and have made great strides in reducing their reliance on fossil fuels between 2000 and 2004. Pulp and paper mills (per ton of production) reduced fossil fuel use by 11 percent, increased renewable energy use by over 3 percent, and reduced overall energy use (from both fossil fuel and renewable energy sources) by almost 3 percent.

There also are many lessons to be learned from the EU ETS, which was implemented by the EU as a means to control GHG emissions. The ETS has been criticized for imposing unacceptably high costs on manufacturers. In February 2007, the Members of the European Parliament voted overwhelmingly to revise the system creating further economic uncertainty for Europe's manufacturing sector.

The ETS limits emissions from only certain sectors rather than working more cost-effectively to reduce net emissions over the whole economy. Moreover, some EU countries report up to a 60 percent increase in wholesale electricity costs in the last few years. The Committee should consider the effects on participants in the ETS and the uneven consequences on their ability to compete domestically and internationally.

Another criticism of the ETS is that it does not create market incentives to invest in energy efficiency technologies. The Committee should consider market-based incentives to stimulate investment in energy-efficient technologies.

Finally, the EU's ETS was rapidly implemented with too little time for participants in the scheme to comply. Any system considered by the Committee should allow time

for industries to invest in innovative technologies or other methods of reducing emissions and should take into account capital planning cycles.

***4. How should potential mandatory domestic requirements be integrated with future obligations the United States may assume under the 1992 United Nations Framework Convention on Climate Change? In particular, how should any U.S. domestic regime be timed relative to any international obligations? Should adoption of mandatory domestic requirements be conditioned upon assumptions of specific responsibilities by developing nations?***

The U.S. Government should be actively engaged in the international climate policy debate and in dialogues with other high-emitting countries to encourage them to develop programs to reduce CO<sub>2</sub>. U.S. forest products manufacturers face extreme competition from global competitors. U.S. imports of forest products have grown consistently at a faster rate than American exports, resulting in an ever-widening trade deficit in the sector, which grew to \$19.3 billion in 2006. Much of the growth in forest products imports in the past few years has come from high-emitting countries that have used various tools, including protective tariff and non-tariff barriers, subsidies, and undervalued currencies, to develop export-oriented forest products industries that have exploited the open American market. A carbon mandate on domestic manufacturing without equivalent commitments from competing countries may only make foreign products even cheaper to produce relative to U.S. goods and further increase our escalating trade imbalance. Furthermore, new capacity growth is now taking place in other countries, where forestry, labor, and environmental practices may not be as responsible as those in the U.S., and where energy costs may be significantly lower. The Committee should be mindful that, unlike other sectors, manufacturing industries such as ours are unable to pass through CO<sub>2</sub> mitigation costs easily to international customers. The engagement by the U.S. Government and eventual adoption of GHG reduction requirements by other high-emitting countries will help keep domestic manufacturers from being put at further competitive disadvantage.

***5. What, if any, steps have your organization's members or its individual members take to reduce their greenhouse gas emissions? Which of these have been voluntary in nature? If any actions have been taken in response to mandatory requirements, please explain the authority (State, Federal, or international) compelled them?***

The Committee should study carefully the successful, voluntary programs that have been effective, and understand the features that made them successful. As noted above, AF&PA participates in the DOE's Climate VISION voluntary program to reduce greenhouse gas intensity, committing to reduce greenhouse gas intensity 12 percent by 2012 over 2000 levels. From 2000 to 2004, AF&PA member companies collectively

March 19, 2007  
Page Thirteen

reduced their direct greenhouse gas emissions 16 percent, from 61.2 to 51.4 million metric tons of CO<sub>2</sub> equivalent. This translates to a 12 percent reduction in intensity of direct emissions, from 0.514 to 0.453 tons of CO<sub>2</sub> equivalent per ton of production. Indirect emissions associated with the generation of purchased electricity decreased from 26.8 to 26.2 million metric tons of CO<sub>2</sub> equivalent from 2000 to 2004.

In addition, in 2004, AF&PA member companies' use of recovered paper to make new recycled paper products has resulted in avoided emissions of CO<sub>2</sub> equivalent to the avoidance of methane emissions from landfills where the paper would otherwise decay.

Carbon stored in trees becomes sequestered in wood and paper products for the duration of the product's useful life. In 2004, carbon stored in products produced by AF&PA member companies resulted in the sequestration of 25.7 million metric tons of CO<sub>2</sub> equivalent.

Furthermore, member companies are making individual company commitments to reduce emissions through a variety of programs such as EPA's Climate Leaders, the Chicago Climate Exchange, and Business Roundtable's Climate RESOLVE. The achievements of the forest products industry in reducing greenhouse gas emissions intensity through the Climate VISION program and other efforts indicates that voluntary programs are successful at achieving their intended goals.

Regards,



Juanita D. Duggan  
President and Chief Executive Officer

cc: The Honorable Joe Barton  
The Honorable J. Dennis Hastert