

Chairman Dingell at the Subcommittee on Energy and Air Quality Hearing entitled, "Climate Change: Competitiveness Concerns and Prospects for Engaging Developing Countries"

Statement of Congressman John D. Dingell, Chairman
Committee on Energy and Commerce

SUBCOMMITTEE ON ENERGY AND AIR QUALITY HEARING ENTITLED, "CLIMATE CHANGE: COMPETITIVENESS CONCERNS AND PROSPECTS FOR ENGAGING DEVELOPING COUNTRIES"

March 5, 2008

Chairman Boucher, thank you for holding this hearing. I want to commend you for your leadership on the critical issue of addressing climate change, and I look forward to working with you and other members of the Subcommittee in drafting legislation limiting U.S. emissions of greenhouse gases through an economy wide cap-and-trade system.

I am pleased to note that we have now issued three White Papers that focus on the design of a cap- and-trade program, on international competitiveness, and most recently on the roles of different levels of government in carrying out such a program.

Today's hearing is the first of the White Papers, which are intended to lay out our initial conclusions on various topics and, as importantly, to solicit comment from other Members and stakeholders.

The subject of today's hearing is two pronged. First, how does the adoption of cap-and-trade legislation to limit U.S. emissions of greenhouse gases affect the competitiveness of U.S. goods sold in international trade? Second, what are the best legislative alternatives or combination of tools for mitigating any negative effects? We look forward to the views of our witnesses on both of these matters.

In the White Paper on international competitiveness released in late January, three main concerns were raised:

First, absent corresponding action by developing countries, the adoption of limits on greenhouse gas emissions by the U.S. and other developed countries will not achieve the goal of protecting the global environment;

Second, if the U.S. were to cap its own emissions without corresponding action by developing countries with whom we compete internationally, the relative cost of American products could increase and cause U.S. industry and jobs to migrate to nations that do not limit their emissions;

Third, past debate on climate change suggests that Congress would be unlikely to adopt legislation committing the U.S. to limiting its greenhouse gas emissions in the absence of assurances that developing countries will take similar action.

Of course, crafting legislation to address these concerns presents Congress with a unique challenge, since its actions cannot unilaterally bind other countries. Like the underlying U.N. Framework Convention on Climate Change, the recent Bali road map for negotiating a post-Kyoto international agreement reflects differing roles and inherent tensions between

developed and developing nations in fulfilling the 1992 Rio Treaty's goals.

With this in mind, the White Paper outlines several options suggested in prior testimony before this Subcommittee, some of which have been incorporated in legislation under consideration in the Senate. The White Paper also solicits comments on different approaches. I am interested if our witnesses believe a hybrid approach that combines both "carrots" and "sticks" with respect to developing countries could best achieve the goal of limiting carbon emissions without harming the U.S. economy.

I would note that this is one of the most difficult issues Congress faces in crafting climate change legislation, and that we welcome not only the ideas that will be presented by today's witnesses, but also those views of others who wish to comment on the questions posed in the White Paper.

Finally, I would offer three additional observations about this aspect of the legislation we intend to draft:

- (1) The bill should include provisions to induce developing countries to limit their emissions growth on a timetable that meets both environmental and trade competitiveness concerns;
- (2) The bill must be crafted in a manner that is reasonably certain to withstand a challenge before the World Trade Organization (WTO), which realistically we must expect to be filed; and
- (3) We must be clear eyed in understanding that success in any such WTO proceeding is not assured; and to craft the legislation so that, in that event, the risks to the U.S. economy are acceptable.

With that, I thank the Chairman for holding this hearing and look forward to the testimony.

Prepared by the Committee on Energy and Commerce
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