

## U.S. Business Leaders' Call for Strong, Science-Based Global Warming Legislation

Dear Member of Congress,

The undersigned business leaders and Chamber of Commerce members recognize the economic threat of global warming and urge Congress to craft cost effective global warming legislation that will spur technological innovation, create new jobs, maintain economic competitiveness, and keep energy prices affordable – all while reducing heat-trapping emissions. We believe that a market-based, economy-wide cap-and-trade system is critical to helping the United States achieve its environmental goals while continuing to grow its economy.

The International Energy Agency forecasts \$22 trillion in global energy investments over the next twenty years.<sup>1</sup> At the same time, traditional energy resources will only grow scarcer and more expensive, driving demand for alternatives. Venture capitalists have already recognized this new market potential, investing \$2.7 billion in 2007, a 450 percent growth from 2000.<sup>2</sup> McKinsey and Co. recently reported that America can accomplish serious global warming emissions reductions with existing low-carbon technologies, with productivity gains from increased energy efficiency offsetting the minimal cost.<sup>3</sup>

A correctly designed cap-and-trade system will create a clear signal that encourages entrepreneurs to invest in cleaner, energy-efficient technologies and industries. It will also provide flexibility to businesses, with those that can reduce emissions cheaply selling surplus allowances to those facing more costly reductions. Proceeds from auctioned allowances should be invested in public programs that support clean energy technology deployment, offset electricity prices for low and middle income consumers, and provide training for workers transitioning to a clean energy economy.

A 2007 report by the Intergovernmental Panel on Climate Change found that stabilizing heat-trapping emissions at a reasonably safe level would only reduce the global average annual gross domestic product (GDP) growth rate by about an eighth of one percent in 2050.<sup>4</sup> By contrast, the costs of inaction are enormous. The *Stern Review on the Economics of Climate Change* (2006) estimates that the international costs of unabated climate change is already at least five percent of global per capita GDP and could rise to 20 percent of GDP or more when accounting for a wider range of impacts.<sup>5</sup>

Scientists say that to avoid the worst effects of global warming, the United States must reduce emissions on the order of 15 percent by 2020 and 80 percent by 2050. Twenty-six of America's leading corporations, including General Electric, Ford Motor Co., and Dow Chemical, recognize the urgency of the problem, stating that, "Each year we delay action to control emissions increases the risk of unavoidable consequences that could necessitate even steeper reductions in the future, at potentially greater economic cost and social disruption."<sup>6</sup> Delaying action from 2010 to 2020 would require doubling the emission reduction rate to meet the mid-century goal of an 80 percent reduction, a challenge that could prove technologically and economically infeasible.<sup>7</sup>

**The time to act is now. We urge you to support strong science-based global warming legislation that reduces heat-trapping emissions at least 15 percent by 2020 and 80 percent by 2050.**

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<sup>1</sup> International Energy Agency, *World Energy Outlook 2007*.

<sup>2</sup> Makower, Joel, Ron Pernick, Clint Wilder, *Clean Energy Trends 2008*, March 2008, [www.cleandedge.com/reports/pdf/Trends2008.pdf](http://www.cleandedge.com/reports/pdf/Trends2008.pdf)

<sup>3</sup> McKinsey & Company, *Reducing Greenhouse Gas Emissions: How Much at What Cost?*, December 2007,

[www.mckinsey.com/client-service/ccsi/greenhousegas.asp](http://www.mckinsey.com/client-service/ccsi/greenhousegas.asp)

<sup>4</sup> Intergovernmental Panel on Climate Change, *Mitigation of Climate Change*, 2007, [www.ipcc.ch/ipccreports/ar4-wg3.htm](http://www.ipcc.ch/ipccreports/ar4-wg3.htm)

<sup>5</sup> Sir Nicholas Stern, *Stern Review on the Economics of Climate Change*, October 2006, [www.hm-treasury.gov.uk/independent\\_reviews/stern\\_review\\_economics\\_climate\\_change](http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change)

<sup>6</sup> US Climate Action Partnership, *A Call for Action: Consensus Principles and Recommendations from the U.S. Climate Action Partnership*, [www.us-cap.org/USCAPCallForAction.pdf](http://www.us-cap.org/USCAPCallForAction.pdf)

<sup>7</sup> Union of Concerned Scientists, *A Target for U.S. Emissions Reductions*, September 2007, [www.ucsusa.org/assets/documents/global\\_warming/emissions-target-report.pdf](http://www.ucsusa.org/assets/documents/global_warming/emissions-target-report.pdf)