



District 12

Robert LaVenture
District Director

Chris Youngmark
Assistant to the Director

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Dear Sisters and Brothers of USW Local 338,

After Governor Jay Inslee announced last year that he will move forward with policies to reduce carbon dioxide emissions in Washington, District 12 Director Bob LaVenture and I promised to provide you with periodic updates on our program to protect both the jobs of USW members, and to also protect the health of the environment we all share.

I had hoped to join you today at your membership meeting in Spokane to provide an in-person update. But I regret to say I am unable to travel. Instead, I will offer a short report on the status of climate policy in Washington and on the district's strategy to fight for both job security and environmental progress. And I will also offer a promise to come out to Spokane to be with you in the near future.

This is what we know to date about the state's climate policy:

- The legislature this year failed to support Governor Inslee's proposed carbon reduction policy, which would have regulated 130 of the facilities in the state emitting the most CO₂. Kaiser Aluminum is on that list and your local and the district have worked closely with Kaiser throughout the process to make the case that companies like Kaiser shouldn't pay a disproportionately high price for statewide climate policy.
- To secure \$16 billion in funding to modernize transportation infrastructure, it appears – at least for now – that the Governor will not use his executive authority, as he promised to do, to move forward a Low Carbon Fuel Standard. Such a standard would have potentially impacted the jobs of USW members working in four of the state's five oil refineries.
- Earlier this month Governor Inslee announced he will now use his executive authority to put a cap on carbon dioxide emissions, enforcing greenhouse-gas-reduction targets that have been in state law since 2008. Whether that cap will look like his unsuccessful legislation or like something else is not yet clear. But he has directed the state Department of Ecology to move forward with the policy design and rulemaking process that some think will take about a year.
- At the same time, efforts are underway to gain support for 2016 ballot initiatives that would reduce carbon. One effort, Initiative 732, is driven by a small group of academics and environmentalists called Carbon Washington, and would put a tax on carbon emissions. No complicated auction program. Just a tax. Another effort, backed by the mainstream

environmental movement and some from labor, would likely track the Governor's legislative proposal by creating what is called a "cap and trade" program – but the scope and content are not yet defined. We have not taken positions on either.

As we look forward to climate policy, our strategy remains very clear – whether that policy emerges as legislation, as an executive order or as a statewide ballot initiative.

First, our No. 1 priority is protecting the jobs of USW members.

Second, our union has a long and proud history of fighting to protect the environment and we will continue to do so – but not at the expense of our members' jobs. The impacts of climate change are already being felt in Washington State and we want to be on the right side of history and help develop solutions. We also want to ensure that those solutions do not hurt the state's manufacturing base or our members. So we will fight for policy solutions that enhance the economic security of our industries.

Last summer at our convention in Las Vegas, our union affirmed this commitment to jobs and the environment by passing Resolution No. 24 on Economic and Environmental Sustainability. The resolution underlines our belief that we should not be forced to choose between good jobs and the environment – as International President Leo Gerard says, we will have both or we will have neither

Our third key strategic position is about action: we will vigorously engage with policy makers to protect the interests of Steelworkers and to look for solutions to environmental challenges that will also have economic benefits.

And finally, our strategy is also to engage with our employers and, when it makes sense, with labor, environmental and community allies.

Our experience tells us engagement is the best way to fight for our union's interests. You've heard it many times before, but if we are not at the table, we may very well be on the menu. And we have evidence that this strategy has worked.

In California, we were at the table with the state's cement industry, a sector that, pound for pound, is among those that emit the most carbon. We made the case that there is currently no cleaner emissions control technology available than that which California's cement makers are using. As a result, the state has not required cement companies to pay one penny in emissions fees – and production and jobs have stayed in state instead of heading out of state or overseas.

Likewise in WA, I was appointed last year to the Governor's 21-member Carbon Emissions Reduction Taskforce (CERT). On behalf of the union, I asserted that forcing a company like Kaiser Aluminum to pay an unfair share of the costs of carbon emissions would give competitors in West Virginia and Iowa – where there is no climate policy – a competitive advantage. And if that disadvantage for Kaiser forced the company to leave Washington, we would lose jobs that would be next to impossible to replace. We would lose an important tax base for that city of Spokane. And from an environmental perspective, forcing a company like Kaiser to move would do nothing to solve the climate problem – it would simply shift CO2 emissions to a less regulated state or country. We call that "leakage." And I argued that climate change and the CO2 emissions that contribute to it are a global, not a local, problem –

and that many of the same arguments we make about unfair trade policies should be applied to climate policy if want to maintain domestic manufacturing.

Our case was heard by Governor Inslee's staff – including his leading climate advisor, Chris Davis, who joined us at your membership meeting last summer. In fact, the Governor's last version of legislation would have given Kaiser at least eight years during which it would pay no fees for carbon emissions. None. And then it would have evaluated whether and how long to extend those free allowances.

So with support of leaders like Dan Wilson and members like you, we have had an impact.

And we will continue to make the case for leakage prevention and for:

- Promotion of domestic content to maintain job security and prevent use of imported goods from countries with lax environmental laws;
- Use of revenues from any carbon-pricing program to invest back in existing jobs; and
- Compliance flexibility for energy intensive industries like Kaiser to provide the opportunity to meet legal requirements through various means throughout the production cycle of finished goods.

Going forward, we will coordinate and partner with local unions like yours and with our legislative department, with our Health Safety and Environment Department, and with our Tony Mazzocchi Center for Health, Safety and Environmental Education (TMC), including TMC partner The Labor Institute. Together we will track regulatory and legislative developments related to the Governor's climate policy program and continue to relay news and provide analysis about important developments.

Sincere thanks the members and the Executive Board of Local 338 for all you do. And special thanks to Dan Wilson for his terrific leadership. You are truly a very special local that the entire union can look to as a model.

In Solidarity,

Chris Youngmark, Assistant to the Director

Cc:

Robert LaVenture, Director

Steve Powers

Jim Young