Testimony

of

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"Back in Action: Restoring Federal Climate Leadership"

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Chairman Tonko, Ranking Member McKinley, and members of the subcommittee. Thank you for the opportunity to testify today on behalf of the members of the United Steelworkers union ("USW").

USW represents workers across the economy, but primarily in energy-intensive, trade-exposed industries that produce a wide array of products, including paper, glass, ceramics, cement, chemicals, aluminum, rubber, oil, mining, and, of course, steel.

Our union has long been a leader in the labor movement on environmental issues. In 1990, we stated our union's environmental policy in "Our Children's World" which included our declaration of the need to address the issue of climate change, a declaration we reiterated in 2006. We were one of the first industrial unions to support comprehensive climate change legislation. USW is also a founding member of the Blue-Green Alliance, which brings together unions and environmental groups to plan a new way forward for America to combat climate change and economic inequality.

Biden Administration Actions on Climate Change

In 2019, USW and our partners in the BlueGreen Alliance released Solidarity for Climate Action, a platform for addressing climate change and economic inequality.[1] In that platform, we called for many policies, including economy-wide net-zero emissions by 2050; leadership by the United States in the Paris Agreement; investing in American infrastructure and manufacturing; and fairness for workers and communities.

Much like Solidarity for Climate Action, the Administration's early actions have demonstrated that efforts to address climate change are largely economic policies. The whole-of-government approach outlined in President Biden's Executive Orders sets up a promising framework in which climate policies will not be designed and implemented in a vacuum by environmental policy experts. Instead, appointees and career staff across the federal government will work to ensure that climate action is paired with sound economics. Our hope is that this framework retains and grows middle-class, union jobs in a diversity of sectors and geographies – an immense challenge that we cannot overstate, but what must be our ultimate policy goal.

Since January 20, President Biden has taken some important actions to address climate change, such as restoring America's global leadership by rejoining the Paris Agreement, creating an Interagency Working Group on Coal and

[1] http://www.bluegreenalliance.org/wp-content/uploads/2019/07/Solidarity-for-Climate-Action-vFINAL.pdf

Powerplant Communities and Economic Revitalization, and prioritizing environmental justice.

In addition, President Biden and his administration see, as does USW, that in order to meet our climate goals and pull the nation out of the current economic crisis, we need to start in the same place, with a focus on creating and maintaining good jobs for American workers. Just the other day, National Climate Adviser Gina McCarthy discussed that a primary way that the Biden Administration will achieve its climate pledge is through its commitment to Buy America, ensuring that America's shift to clean energy is built with products made here by American workers in good, union jobs.

This is why our union views the Executive Orders issued by the Administration on climate in conjunction with the order issued just two days prior, which focused on Buy America, Buy American, and other Made-In-America policies. The Buy America executive order demonstrates the Administration's commitment to ensuring that these policies, so crucial to maintaining good American jobs, are prioritized in the Administration and enforced strongly.

The newly created Made-In-America office within OMB must be empowered to fulfill the rhetoric of the order, and to bring better consistency and organization to the application of the many different Buy America, Buy American, and other preferences and laws that exist throughout the federal government. A consistent approach to the administration of these laws and preferences can allow for all of them to be managed with greater efficiency, lower cost, and greater positive impact to American workers. Congress can, and must, hold the Administration to this goal, and not allow what we have seen before with Executive Orders on Buy America – released to great fanfare but which do not even result in a report due in 5 months that never materialized after 4 years, let alone any real action.

This is critical not only for the economic crisis, but the climate crisis as well. It is telling and welcome that the Administration's comments tying Buy America to the climate initiatives came as part of a discussion on how the Administration planned to bring critical countries, like China and India, to the table to address climate. The implication here is very obvious: that step one is ensuring that climate policies do not lead to jobs and emissions leakage to countries like those. Buying American is a commonsense way to show federal leadership and address some potential jobs and emissions leakage. It only makes sense that if America is going to undertake such a massive effort, our procurement policies must work in concert with our energy and environmental priorities.

This coordination of policies and priorities will not only create jobs, but it will also help minimize global greenhouse gas emissions. Simply put, the world needs the sort of products that USW members make, which tend to be energy-intensive

and trade-exposed. If those products are not produced here, they will be produced somewhere else, and in most cases, that production will result in more greenhouse gas emissions. For example, research conducted in 2019 by Global Efficiency Intelligence found that among major steel producing nations, the United States is among the very lowest in terms of both energy intensity and CO2 intensity in the steelmaking process.[2] In particular, the U.S. steel industry uses only two thirds as much energy as the Chinese steel industry and produces less than half the CO2 per unit of steel made.

And this pattern does not just hold for steel, but for industry after industry. As our union – among many others – has seen, when U.S. production is disincentivized, it is most often replaced by imports from China. Failure to prevent this sort of displacement and leakage in the development of climate policies would be doubly catastrophic, causing a loss of jobs and production here in the U.S. to be paired with an increase in greenhouse gas emissions associated with the products consumed here. USW has long been a leader in the development of the necessary policies to ensure that more efficient production here in the U.S. is incentivized and promoted, from Buy America to Buy Clean to investment in advanced manufacturing in the U.S. to border adjustment policies when appropriate to ensure that American workers are partners and leaders in this effort, not unintended victims of it.

Next Steps for the Administration and Congress

These are good first steps, but there is more to be done by both the Administration and Congress to address both climate change and economic recovery. In undertaking the enormous challenge, policymakers must ensure that the desired emissions reductions are achieved in a structured, responsible way that does not leave working Americans behind. Both Congress and the Administration must place a special emphasis on the responsible development of a domestic strategy for rebuilding our infrastructure and investing in manufacturing competitiveness.

1. Bold Action to Rebuild America's Infrastructure

Americans need aggressive investment in a modernized infrastructure to help revitalize our economy and communities, reduce emissions, and withstand extreme weather events. We cannot address climate change with derelict infrastructure. We also cannot fully recover from this economic crisis without rebuilding our infrastructure because American jobs depend its strength.

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[2] https://www.globalefficiencyintel.com/new-blog/2019/12/3/new-report-how-clean-is-the-us-steel-industry

Throughout infrastructure investment, policymakers should take care to direct funding for investment to programs that already apply a strong Buy America preference. Additionally, strong Buy America preferences should be included in the authorizations of any new funding mechanisms, such as a national investment institution or a more targeted new loan or grant program. This way, infrastructure investment will create both construction and manufacturing jobs across the country.

Policymakers should look to invest in all types of physical and social infrastructure through direct investment, loans, grants, tax credits, and other means:

Transportation

For the hundreds of thousands of USW members in manufacturing, the quality of our transportation networks impacts our ability to get raw materials into our facilities and move finished products out to customers. The transportation sector is also a large source of greenhouse gas emissions, and there is growing domestic manufacturing in the products and materials necessary to modernize our transportation infrastructure. Steelworkers make a variety of these materials from railroad ties to steel for bridges to electric buses at Proterra in California.

Water

Clean drinking water is critically important. Congress should fund the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund and permanently extend Buy America in those programs to ensure U.S.-made pipe is installed. Additionally, Congress should provide funding to complete lead service line replacement in homes and childcare centers.

Energy

Grid modernization is critical to improve the efficiency, performance, and resiliency of our energy transmission. These grid properties are critically important to manufacturing facilities to ensure that they have access to the quality and quantity of power needed for energy-intensive operations. The Department of Energy should also be funded to research and develop energy storage solutions, with a strong focus on ensuring that newly-developed technologies are manufactured here in the United States.

In addition to our transmission infrastructure, we must repair and maintain the safety of our natural gas distribution pipelines to prevent leaks that are dangerous to communities and bad for the climate. This could be accomplished by giving grants to states to enhance inspection and maintenance programs.

And finally, as both policy and the market continue to expand the deployment of renewable energy, Congress and the Administration must take every opportunity to ensure that robust supply chains for these technologies – from mining the

materials, to manufacturing the components, to assembling and constructing the complete technologies – are built here. This will ensure energy independence and is the only way for our country to capture the full economic benefits of renewable energy.

Carbon capture

Carbon capture utilization and storage (CCUS) technology is key in reaching our climate goals, particularly for the industrial sector where the technology is almost nonexistent in this country. A major barrier to more widespread adoption is the lack of infrastructure to manage captured carbon transportation, storage, and research on utilization.

Buildings

Retrofitting buildings is also an important infrastructure investment that will contribute to meeting our climate goals. Our union has long supported policy proposals to rebuild America's schools and to invest in our hospitals and public buildings.

In homes, deep retrofits have the potential to dramatically reduce energy use. A recent report from the BlueGreen Alliance shows that deep home retrofits with a Buy America preference have the potential to create up to 170,000 manufacturing jobs making windows, appliances, HVAC, lighting, and more.[3]

Buy Clean

In addition to Buy America preferences, Congress and the Administration should implement a Buy Clean consideration within procurement programs. Buy Clean policies promote spending taxpayer dollars on materials that are manufactured in a cleaner, more efficient, climate-friendly manner – reducing industrial pollution, resource depletion, and health impacts while building globally-competitive domestic production. Similar policies are being considered around the world, making low-emission manufacturing a necessity to remain globally competitive in the long-term.

Buy Clean should begin with transparency and investment in manufacturing facilities. In short, manufacturers should disclose the embodied emissions for their products when they will be purchased with federal dollars for infrastructure projects, with the ultimate goal of only purchasing materials that meet or exceed reasonable thresholds for efficient production of materials. Domestic manufacturers should be rewarded for operating cleaner facilities and not be undercut by manufacturers in countries with weak environmental standards.

[3] http://www.bgafoundation.org/wp-content/uploads/2021/02/Manufacturing-Efficiency-2021-vFINAL.pdf

As I have already stated, products from domestic manufacturers are generally produced with fewer emissions than imported products, yet those technologies to reduce emissions are expensive. However, where US producers are not cleaner, we should use that data to direct federal investments to installing both widely available and newer demonstration technologies to improve efficiency, reduce emissions, and ensure that U.S. manufacturers remain globally competitive. This leads to a second major goal moving forward for climate policy action, which is growing more efficient domestic manufacturing.

2. Robust investment in RD&D for manufacturing

American leadership in inventing— and manufacturing— the most advanced technology of all kinds was once a cornerstone of a strong and growing middle class and a pathway out of poverty for many. U.S. manufacturing could be revitalized by building cutting-edge products and materials with clean, safe, and efficient industrial processes. We have outlined many key recommendations in a policy platform with our BlueGreen Alliance partners called "A National Blueprint for Clean Technology Manufacturing Leadership and Industrial Transformation".[4]

Our union was delighted at the bipartisan support for the Clean Industrial Technologies Act (CITA) last Congress and at the appointment of jobs-focused leaders within the Administration's climate team. However, there is much more to be done to innovate and transform industry, invest at scale in manufacturing, and ensure that our economic recovery is built to work long-term for workers, communities, and our nation's competitiveness.

An important way to prioritize this within the federal government is to develop a national strategy on industrial transformation and clean technology manufacturing supply chains. This should be coordinated and involve multiple agencies, but should include a new office at the Department of Energy specifically tasked with developing and deploying strategies to reduce emissions in energy intensive industries.

And as Congress discusses spending for economic recovery, access to capital through grants, loans, and other means will be critically important to achieving emissions reduction goals in industry. Congress must expand funding in existing programs, largely at the Department of Energy, to provide technical assistance, to deploy efficiency technologies like combined heat and power, and to launch commercial demonstration projects.

And, of course, policymakers must ensure that domestic manufacturers are not unfairly disadvantaged in the global marketplace because of the costs associated with reducing emissions within the borders of the United States. Policy must ensure that the jobs that exist here today in energy-intensive manufacturing

[4] http://www.bluegreenalliance.org/wp-content/uploads/2020/06/2020_BGA_Manufacturing_Agenda-vFINAL.pdf

are not lost, nor that the production of those products becomes offshored unnecessarily by neglecting the very real, and potentially disastrous, problem of carbon leakage. If leakage is not addressed in the development of a suite of emissions reduction policies, we run a significant risk of not only costing American jobs, but actually exacerbating, instead of mitigating, the problem of global warming. This speaks to the importance of the Biden Administration's whole-of-government approach to climate change where economists and trade experts must be at the table with environmentalists.

Conclusion

The dual crises of climate change and economic inequality have been before us for many years, and they won't be fixed quickly or easily. Two large priorities for continued action this year must be investing in rebuilding our infrastructure and rebuilding American manufacturing. The early actions of the Biden Administration are promising in that they speak to these priorities and are laying the groundwork to, with help from Congress, ensure that working people are at the center of our nation's climate ambition.