



October 7, 2008

Western Climate Initiative

Dear Western Climate Initiative Partners:

RE: DESIGN RECOMMENDATIONS FOR THE WCI REGIONAL CAP-AND-TRADE PROGRAM

We are writing on behalf of more than 4 million workers whose jobs and families are a critical part of the States and Provinces that make up the Western Climate Initiative (WCI). It is for this reason that the Federation's of Labour from both sides of the border have been active participants in the development of the WCI. The task of designing an international system of "Cap-and-Trade" that crosses borders and jurisdictions has not been an easy one and we respect and thank you for the enormous amount of work that has gone into getting the program to this point. We want to be part of finding the solutions. Labour Federations have attended and participated in the public sessions in Salt Lake City and in San Diego. After lengthy cross-border discussions, we have submitted three detailed letters outlining our concerns about the program and how it was being designed. We want to reiterate that we all support moving towards a more sustainable economy and planet, the question is, how to achieve this in an equitable, sustainable and effective way. While we are planning to meet face-to-face shortly to discuss the September 23, 2008 Design Recommendations for the WCI Regional Cap-and-Trade Program, we want to submit our initial response to you now.

To say we are disappointed would be an understatement. While we recognize the complexity of the task you are facing in designing a system for Cap-and-Trade, we were also hoping that you would recognize how closely tied the success of this program is with the support that must be received from stakeholders and the public. Unfortunately, on a number of critical areas your recommendations fall far too short of that critical recognition.

For working people, as we have said in previous submissions, the need to balance out the protection and development of good-paying jobs with the implementation of caps on major industries remains one of the most serious hurdles to cross. Your final recommendations rejected our minimal demands that the WCI move the need for worker transition from a voluntary program in each jurisdiction to a WCI commitment. This change would not have caused a significant shift in direction for the WCI, but it was a major signal for our members that their concerns were being heard.

The need to deal with dirty imports and foreign competition is critical to the success of the WCI and a foundation of our support. Your recognition of this for electricity was applauded by the labour community. But, successful caps on industries will require significant cost increases and create competition issues both domestically and abroad for key sectors of the economy. We recommended that the WCI include a carbon tariff to be implemented on foreign and domestic imports to the WCI jurisdiction. This is necessary to stop the bleeding of manufacturing jobs to foreign jurisdictions where pollution standards are inferior to the WCI standards. This was not done

and we believe that makes the program not only less likely to succeed from an environmental perspective, but also from an economic and political perspective as well. Corporations transferring production to countries such as China can sell unused allowances, thus creating a windfall profit and harming workers and the manufacturing sector in our regions.

In two other critical areas, offsets and auctions, the WCI proposal falls short of meeting the stakeholders expectations.

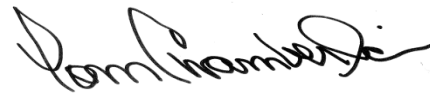
As we said, we have been active participants in the WCI for nearly one year. We wish to continue that participation and to work towards a process that allows us to continue to participate in the development of the WCI. In this regard, we are seeking a meeting with representatives of the WCI to discuss, in detail, our concerns with the latest document and to explore the avenues for continued participation of our Federations. We look forward to hearing from you as soon as possible so we can arrange such a meeting.

In conclusion, the need for action to curb global warming and move quickly towards a sustainable economy and environment is no longer an open debate. The dramatic consequences of global warming are being felt across the planet and will continue to be for many years to come.

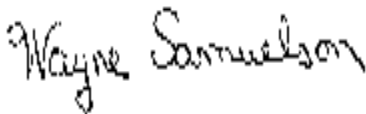
Sincerely,



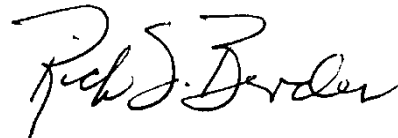
Jim Sinclair, President
British Columbia Federation of Labour



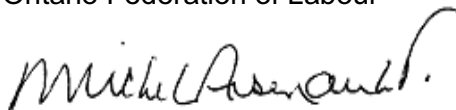
Tom Chamberlain, President
Oregon AFL-CIO



Wayne Samuelson, President
Ontario Federation of Labour



Rick Bender, President
Washington State Labor Council



Michel Arsenault, President
Quebec Labour Federation
La fédération des travailleurs et des
travailleuses du Québec



Art Pulaski, Executive Secretary-
Treasurer
California Labor Federation



Darlene Dziewit, President
Manitoba Federation of Labour

JS/mz/smo
1300-08let WCI response regarding Design Recommendations Oct 7

