



**Testimony**

**Of**

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**for the**

**Subcommittee on Energy & Water**

**of the**

**Committee on Appropriations**

**hearing on**

**“Domestic Manufacturing for a Clean Energy Future”**

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Chairwoman Kaptur, Ranking Member Simpson, members of the subcommittee, my name is Roxanne Brown and I am honored to serve as International Vice President At Large for the United Steelworkers union. I appreciate the opportunity to appear before you today and discuss these critical issues facing our nation and its workers. There are few issues more critical for policymakers to consider than how to grow the role of domestic manufacturing in the transition to the clean energy economy. Done correctly, and with appropriate support from Congress, America can recover from this economic crisis stronger than ever before, having maintained and created millions of good, family-supporting manufacturing jobs for American workers. But this can only happen with the right policies in place, and with the proper focus placed upon these issues. Too often, manufacturing is overlooked in the development of clean energy policy and we are grateful that the subcommittee is ensuring that America's manufacturing workforce will be front of mind as we move forward.

### **Introduction**

The United Steelworkers is the largest industrial union in North America. Our members work throughout the economy. but are primarily concentrated in energy-intensive, trade-exposed industries that produce primary commodity products such as steel, cement, paper, chemicals, aluminum, and rubber. These industries and products are critical for the reconstruction of our failing infrastructure systems, but these industries are also uniquely at risk of emissions and jobs leakage absent sufficient policies to prevent that leakage.

We have long believed that addressing climate change is not only necessary to meet our environmental principles, but can also drive massive job and production growth in the United States. In the industrial sector, this transition is already under way, and overall greenhouse gas emissions from many U.S. industries have declined for decades. In some cases, these reductions were achieved through increased investment in energy efficiency and the growth of the clean power sector, which reduces the indirect emissions associated with industrial production and changes in fuel sources. In other cases, the reductions were brought on by the offshoring of critical industries and jobs to countries that have weaker emissions reduction goals and has resulted in importing emissions embodied in products and materials.

Because the climate crisis is a global problem, and greenhouse gas emissions impact the climate in the same way wherever they are produced, it is crucial that we ensure that as we decarbonize, we do it in a way that maintains production and jobs here in the U.S. through increased efficiency, and other emissions reduction measures, and does not just create incentives to offshore production.

With emissions reductions, the energy transition, and other climate policies becoming integrated across areas of federal and state policy, the policies and investments necessary to ensure that our nation is successful in reducing emissions, while retaining and creating jobs must similarly be broad based and, crucially, well-funded. They must also be tools to ensure that public investments in the future of our economy via loans, grants, and direct spending, are used to grow high quality, union jobs across all sectors, but particularly in the energy and manufacturing sectors. I would like to highlight a few policies that are key toward achieving this goal. These are

just some of many key priorities, and are primarily focused on those issues under this subcommittee's jurisdiction:

### **Investments in Clean Energy Manufacturing**

**Clean Technology Manufacturing and Industrial Bank:** We should establish and fully fund a new industrial bank or revolving loan fund to support key domestic clean technology manufacturing priorities as well as large-scale industrial transformation and emissions reduction. A bank of this sort would provide low-interest loans, grants, and other financing to all sizes of manufacturers. This last point is crucial because so much innovation in America comes from small and mid-sized manufacturers who would benefit from increased access to the necessary capital for expansion, retrofit, and development of new products, yet the advanced decarbonization technologies are still out of reach for capital-constrained, trade-exposed industries.

**Establishment of a Major, Expanded Program for Broader Manufacturing R&D and Retooling:** Alongside or incorporated within an industrial bank, a program building on the DOE manufacturing loan programs should be established to provide loans, grants, and other support to a wide range of advanced clean energy technology manufacturing, as well as the development and domestic manufacturing of advanced industrial efficiency and emissions reduction and storage technology.

**Development and Identification of Supply Chains for Clean Energy:** The future energy economy will not just be built by new products and technologies. A key and necessary aspect of this effort will be the availability of domestically produced critical materials and products for clean energy projects. To accomplish this, we must invest in, expand, and refocus existing DOE energy and manufacturing loan programs to establish and strengthen domestic clean technology manufacturing and supply chains, as well as to deploy first-in-class, innovative, and large-scale industrial efficiency and emissions reduction projects.

**Expansion of Advanced Technology Vehicle Manufacturing Program (ATVM):** The ATVM program should be reinvigorated, funded, and expanded to cover medium-and heavy-duty vehicles and domestic component manufacturing, as well as domestic manufacturing of relating charging and fueling infrastructure.

**Grid Modernization and Energy Storage Grants:** Our nation also needs significant investment in modernizing and upgrading the electric grid to improve efficiency, performance, and resiliency. This is important for all Americans, but uniquely critical for energy-intensive, trade-exposed manufacturers, which are heavy electricity users. These industries cannot function without a reliable source of electricity to power their processes and maintain production. In addition, there is a massive need for improved energy storage solutions, which should be prioritized and funded by the Department of Energy.

**Investment in Carbon Capture, Utilization, and Sequestration (CCUS) and Direct Air Capture (DAC) Technology:** Department of Energy grant and loan programs to support the further development and scaling of CCUS (including direct air capture), particularly for industrial applications, as well as domestic manufacturing of products and materials used in CCUS projects

and the related infrastructure, are crucial if the U.S. is to achieve a net-zero emissions economy, while still maintaining production and employment in energy-intensive, trade-exposed industries, and must be expanded and receive robust funding.

**Funding of Section 132 Manufacturing Conversion/Industrial Retooling Grants:** This program, established under the Energy Independence and Security Act (EISA) of 2007, but never funded, would provide capital for the conversion and retooling of industrial facilities. This would be critical for the rebuilding and retrofit of the domestic auto industry and its supply chain. At a minimum, start-up funding should be included to support DOE activities to carry out industry outreach, identify and report on the breadth of need and potential applicants for Section 132 grants, and make some grants. This funding should be increased over time in accordance with the needs and opportunities identified.

**Increased Funding and Expansion of the DOE Advanced Manufacturing Office (AMO):** The Advanced Manufacturing Office at DOE can, and should, be a major driver of industrial transformation, both in assisting with the decarbonization of energy-intensive industries and the development of supply chains in new and existing domestic products to support clean energy development. For example, a new program should be established within AMO to award competitive grants to eligible entities for first-of-kind commercialization projects or technologies that increase energy savings and lower greenhouse gas emissions of U.S. energy-intensive manufacturers, including electrification, fuel and material switching, and CCUS.

**Establish an Office of Industrial Transformation Within DOE:** This new office would coordinate research, development, demonstration, and commercial applications to further the growth of technologies that increase the technological and economic competitiveness of industry and manufacturing within the U.S. and achieve emissions reductions in energy-intensive, trade-exposed industries. It would also proactively help manufacturers navigate the many DOE grant and loan programs and opportunities that may be accessible to them.

**Establish an Executive Branch Office on Manufacturing and Industrial Innovation:** Ensuring manufacturing and a thriving industrial sector will require a cross administration management of efforts to ensure global leadership in manufacturing. An executive level office, which can help build a national strategic plan, and a go to person to lead coordination of manufacturing and industrial innovations initiatives would be essential.

These are just a few suggested policies, and there are many others both within the Department of Energy and other programs under the jurisdiction of the Subcommittee, and elsewhere throughout the federal government. The suite of policies and funding levels that are eventually enacted must be viewed holistically with several goals simultaneously in mind:

- First, providing domestic energy-intensive, trade-exposed industries with the opportunities and support they need to adapt their own processes to cleaner, more efficient ones to ensure that they can decarbonize and become more efficient, while maintaining production and employment in the U.S.;

- Second, developing and commercializing carbon sink technologies like CCUS and DAC that can address the fact that in many energy-intensive, trade-exposed industries, greenhouse gas emissions can be minimized, but never quite eradicated. Technologies that take that reality into account are crucial to maintaining domestic manufacturing, while still achieving net-zero emissions;

- Third, ensuring that the massive amount of infrastructure investment that will be necessary is built with products made in America by harnessing the United States' existing industrial capacity in proven technologies like steel, cement, aluminum, and all the other industries in which USW members work.

### **Offshoring Prevention Policies**

USW is pleased to see that to this point, Congress and the Biden Administration are taking seriously the need to provide robust governmental support and funding to ensure the health of the manufacturing sector in the clean energy transformation. There is far more work to do, and we are committed to seeing it through. As we do so, however, it is critical that policymakers learn from the mistakes of the past. Many of the investments I mentioned previously can, if enacted and sufficiently funded, harness American innovation into products, projects, and processes that can achieve the transition to a clean energy economy. Still, we have seen far too often that what is invented and developed in America with taxpayer funding gets sent offshore when the time comes for production. That must not be allowed to happen with the energy transformation. We must ensure that the benefits of the clean energy transformation are broadly shared. Investments must be paired with policies to be key demand-side drivers, prevent offshoring, and prevent leakage.

### **Buy America**

A foundational bedrock policy for USW is the enactment and strong application of domestic content preferences, or Buy America policies. These commonsense preferences match America's procurement system to its policy priorities. This is important whenever taxpayer money is spent, since those same taxpayers overwhelmingly want that money to be spent creating jobs here in the U.S., but is particularly crucial in the context of the transition to a clean energy economy. As we know, massive investment will be necessary to create this transformation, and manufacturers will face some of the most challenging transitions. For those manufacturers that do that hard work, they must know that they can sell their products. Therefore, a commonsense preference in the expenditure of taxpayer dollars via direct government procurement and federal assistance programs simply makes sense.

Buy America also works best, driving production and job growth in the U.S. while preventing cost or time overruns in projects, when it is applied consistently and strongly. As the subcommittee considers investment in any clean energy infrastructure, it is crucial that Buy America preferences apply throughout. In many cases, that will mean directing additional investment for grants, loans, or other financing through programs that already apply a strong Buy America preference. In some cases, if an existing program does not apply a Buy America preference, the subcommittee and full Appropriations committee should immediately apply one to

that program, annually renewed until such time as it can be statutorily enacted. And for any new federal assistance programs created, a strong Buy America preference, covering all iron, steel, and manufactured goods used in all projects funded by such a program, must be included right from the beginning.

### **Buy Clean**

In addition to ensuring the strong and consistent application of Buy America preferences across direct procurement and federal assistance programs, a key priority for USW is the enactment of a Buy Clean consideration within procurement programs. Buy Clean promotes products and materials that are manufactured in a cleaner, more efficient, and climate-friendly manner for federal spending. This prioritization of cleaner products will reduce industrial pollution, resource depletion, and health impacts while improving American manufacturers' global competitiveness.

Right now, many American industries are operating with the most efficient processes anywhere in the world and therefore are producing the "cleanest" products for purposes of Buy Clean. We know this for several of them, but more information is needed in other sectors throughout the economy. The Department of Energy has a major role to play in developing and understanding the embodied emissions in manufactured goods.

That is why the application and enactment of Buy Clean should be a phased approach, with the first phase being focused on transparency and investment in manufacturing facilities. Under the framework approach USW supports, manufacturers who produce products and materials for infrastructure programs financed either by direct procurement or federal assistance programs, should disclose the embodied greenhouse gas emissions in their materials or products via an environmental product declaration (EPD).

This transparency requirement would provide a wealth of data on just how clean American products in an industry are, relative to foreign competitors. Where American products are already cleaner – and, again, this is already the case in many if not most energy-intensive industries – the subsequent application of a Buy Clean standard would only be a benefit for American producers. Where U.S. producers are less efficiently produced than competitors, the data acquired on embodied greenhouse gas emissions will aid lawmakers, allowing them to respond with policies to reduce emissions, such as direct federal investments assisting those producers and industries to accelerate their adaptation and transition to cleaner, more efficient processes. The ultimate goal of Buy Clean is to supplement domestic procurement provisions to ensure that federal dollars only go toward purchasing products and materials that exceed a reasonable threshold for efficient production of materials, and to put all American manufacturers in the best possible position to meet that threshold.

To accomplish these goals, we suggest ensuring that the Department of Energy has funding to create an environmental product declaration database, and to create a grant program to help fund U.S. manufacturers' efforts to obtain facility-specific EPDs for products that go into infrastructure.

## **Emissions Leakage Prevention**

In addition to Buy America and Buy Clean, Congress must be mindful that there will likely be costs to manufacturers that will arise in this transition. Energy-intensive, trade-exposed industries are both the most vulnerable to huge losses of production and market share arising from relatively small increases in production costs, and also face some of the most difficult transformational prospects. In many cases, the investments outlined above, and others, will help prevent domestic energy-intensive, trade-exposed manufacturers from facing these costs not borne by foreign competitors, but that is not guaranteed, nor are all circumstances foreseeable. Congress must be ready to take action immediately to prevent leakage, if necessary. That may come in the form of a carbon border adjustment mechanism or some other policy, but if and when it is necessary, it must be immediately enacted.

## **Conclusion**

The impending – and already underway – transition of the American and global economy into one based on and powered by clean energy is an exciting prospect for the future of America, but it would be wrong to assume that everyone is looking forward to it. American manufacturing workers have a great deal of skepticism about what this will mean for them, their jobs, and their communities. That skepticism is well-founded after decades of policies that have allowed for so much hollowing out of the American manufacturing sector and left workers behind. For those men and women, it is easy to draw a line between big economic change and people like them being the ones left behind.

But it does not have to be that way. For this transition to be successful, manufacturing workers and the communities in which they live must be the leaders of this transition, not the victims of it. That is the mission and that is the goal.

It is in pursuit of that goal that the United Steelworkers has long been a leader in the labor movement on environmental, manufacturing, and clean energy issues. That was true in 1990 when we stated in “Our Children’s World” that addressing the threat of climate change was a key part of our union’s environmental policy. It was true in the 2000s when we reiterated that pledge, endorsed comprehensive climate legislation, and became a founding partner of the BlueGreen Alliance. And it remains true today as we are already engaged with Congress, President Biden, and his Administration to ensure that America’s manufacturing workers are a centerpiece of Building Back Better.