

Congress of the United States
Washington, DC 20515

March 27, 2009

The Honorable Henry Waxman
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Ed Markey
Chairman
Subcommittee on Energy and Environment
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Waxman and Chairman Markey,

We understand that one of your top priorities is to report legislation, by Memorial Day, to cap and reduce U.S. greenhouse gas (GHG) emissions. We share your commitment to allow businesses and other entities to meet their compliance obligations to reduce emissions in a cost-effective way.

To achieve that goal, we write to encourage the Committee to include forest carbon provisions in such legislation. Efforts to avoid deforestation, and to promote afforestation and reforestation, are relatively low-cost GHG emission reduction opportunities. There is an urgent need to preserve forests in our efforts to curb climate change. Worldwide, deforestation accounts for nearly 20 percent of all GHG emissions, more than the entire global transportation sector. Particularly carbon-rich native forests in developing countries are being destroyed at a rate of one football field per second, an annual loss of an area the size of New York State.

In making those efforts, a U.S. program to reduce emissions should: support capacity building in monitoring and sustainable forestry practices, provide direct investment in protecting forests, ensure commensurate environmental benefits to water and air quality and biodiversity, protect the welfare of forest communities, and include forest carbon in a robust program of high-quality domestic and international emissions offsets. Specifically, sound legislation to cap and reduce climate change should include forest carbon provisions that provide:

- **Market-Readiness Funding:** There is an urgent need for a dedicated funding stream from a bill to cap and reduce emissions to support efforts to build capacity in developing countries so they are ready to participate in full-scale market efforts to reduce deforestation. This funding will be essential to develop monitoring networks, create national inventories of forest lands and emissions accounting protocols, and support institutions and programs to conserve forests and reduce emissions from deforestation.
- **Offsets for Forest Carbon Activities:** Given the scale of investment needed to halt deforestation, carbon markets are a critical tool for curbing deforestation. Moreover, a broad market-based effort to reduce deforestation would generate a steady stream of hundreds of millions of tons of low-cost emissions reductions, providing valuable flexibility to U.S. companies. Recent analysis suggests that over the next few decades more than 1.5 billion tons per year of emissions reduction could be obtained from efforts to halt deforestation and reforestation at a price of approximately \$20 per ton, and potentially several hundred million tons would be available at a price of approximately \$10 per ton. Including domestic and international forest offsets in a U.S. cap and trade policy

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would allow these reductions to be used to meet a significant share of the near term emission reductions needed, and would allow the U.S. to meet strong emission reduction targets at a manageable cost.

As articulated by the U.S. Climate Action Partnership in its recent Blueprint for Legislative Action, any U.S. offset program must be verifiable, permanent, measurable, and enforceable. Forest carbon offset provisions should be governed by the highest standards of environmental integrity to ensure that the emissions reductions are real, additional, and not undermined through leakage.

Through tools such as satellite telemetry, photographic mapping, and ground-based sampling, we can effectively monitor and assess changes in forest carbon around the world.

- **Direct Support for GHG Emissions Reductions:** The legislation should dedicate a portion of allowance value from a cap on GHG emissions to achieve additional GHG reductions from forests and preserve them as carbon sinks.

Forest carbon provisions also offer other important benefits. Forests support the livelihood of over 80 percent of the world's rural poor, host 60 percent of all species and help to clean and regulate water quality and prevent soil erosion.

Moreover, inclusion of forest carbon provisions in U. S. climate change legislation offers a realistic way for developing nations to participate in reducing GHG emissions. Brazil and Indonesia, for example, are the world's third and fourth largest emitters due to deforestation. By recognizing the positive role developing countries can play in reducing GHG emissions through forest carbon provisions, the United States can help them to respond to the international problem of climate change in a meaningful way.

Forest carbon provisions represent an environmentally responsible and realistic framework to rapidly and dramatically reduce global emissions from the forest sector. A broad coalition of companies and environmental organizations support inclusion of such provisions.

We look forward to working with you to ensure that the legislation that the Committee considers includes strong forest carbon provisions.

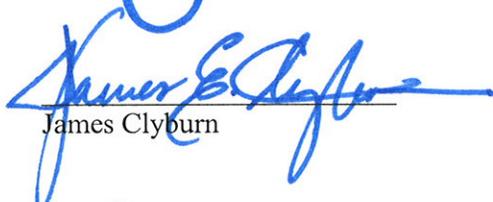
Sincerely,



Steny H. Hoyer



Ellen O. Tauscher



James Clyburn



Jim Matheson



James P. Moran



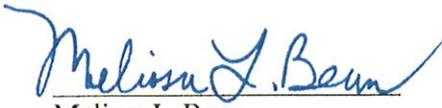
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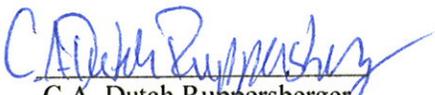

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