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The American Forest & Paper Association (AF&PA) appreciates the opportunity to comment on the Climate Action Reserve final draft of its Updated Forest Project Protocol.

AF&PA is the national trade association of the forest products industry, representing pulp, paper, packaging and wood products manufacturers, and forest landowners. Our companies make products essential for everyday life from renewable and recyclable resources that sustain the environment. The forest products industry accounts for approximately 6 percent of the total U.S. manufacturing GDP, putting it on par with the automotive and plastics industries. Industry companies produce \$200 billion in products annually and employ more than 1 million people earning \$54 billion in annual payroll. The industry is among the top 10 manufacturing sector employers in 48 states. In California the U.S. forest products industry generates over \$16 billion in sales and employs close to 70,000 people earning over \$4 billion in annual payroll.

More than half the forestland in the U.S. is privately owned--roughly 424 million acres. Of that, 354 million acres are actively managed for timber. Forests currently cover 33.2 million acres or 33% of the land area in California of which 19.6 million acres are productive unreserved forestland.¹ In the U.S., forests and forest products store enough carbon each year to offset approximately 10 percent of U.S. CO₂ emissions.

AF&PA has submitted comments on previous drafts of the protocol, most recently Version 3.0 on January 19, 2009 and the Guidance on Estimating Carbon in Wood Products on February 20, 2009. Both sets of comments have expressed a continued concern that the protocol is not amenable to broad participation by forest landowners

¹ Estimated area of forest land by ownership and land status (Millions of Acres) (Source: 2005, USFS, FIA)

due to its highly prescriptive requirements that are often at odds with forest management practices, and often unrelated to forest carbon.

In reviewing the final draft it appears that few of our comments aimed at properly recognizing managed forests and forest products have been addressed satisfactorily. We are therefore resubmitting our previous comments.

We maintain that this program will continue to be avoided by most private landowners, who value the choice to manage their forestland for their independent objectives. It also deliberately limits the participation of the tens of thousands of landowners who manage their forests intensively for wood products and economic returns. Most importantly, it severely limits the carbon benefits that these intensively managed forests could provide to help reduce atmospheric carbon dioxide.

Fundamentally, the protocol's philosophy of only crediting new practices (versus incremental carbon sequestered from the start of a project forward) inherently disadvantages managed forests and product carbon. Despite this inequitable premise as a starting point, the protocol's inflexible 100 year obligation under the project implementation agreement (the details of which have yet to be revealed), and its native species and natural forest management practices requirements further hinder landowner participation.

EPA estimates that the amount of carbon stored annually in forest products in the U.S. is equivalent to removing more than 100 million tons of CO₂ from the atmosphere every year. As a building material, wood requires less fossil fuel energy to produce, transport, construct and maintain over time and is a better insulator than other building materials, such as concrete and steel. We appreciate that the CAR protocol takes a first step at recognizing a portion of the benefits of forest-based products, however much of this value will never be realized due to the protocol's methods for accounting for product carbon within the confines of a forestry project.

We submit that revisions needed to wed carbon sequestration objectives with broader forest and forest product management objectives are possible without compromising the program's ability to produce real, verifiable, permanent, additional carbon sequestration. However, it will take a commitment to trust contracts and market forces and reduce the high command and control approach that this program currently embraces. We hope that future versions of the protocol will achieve these objectives, however, as written, the current version does not.

To that end, AF&PA appreciates the work that CAR has accomplished to date, recommends that CAR continue to refine the protocol to make it more inclusive of forests actively managed for timber and manufactured products. However, we oppose the adoption of this protocol by the California Air Resources Board for use in a regulatory based offsets program.

Sincerely,



Rhea Hale
Director, Climate and Air Programs
American Forest & Paper Association

cc:

Mary Nichols, Chair, California Air Resources Board
James Goldstene, Executive Officer, California Air Resources Board
Linda Adams, California Secretary for Environmental Protection