

February 8, 2007

Dear Chairman Patterson,

I am not able to attend the Energy Policy Committee scheduled for Thursday, February 8, 2007, to discuss *Climate Change and Energy Policy*, but I do want to share some thoughts with you in my absence.

In the complex debate regarding climate change, there is one fundamental truth; climate change is global in scope. Any policy designed to address climate change, must therefore also be global in scope. While bumper sticker logic would have us think globally and act locally, we must be mindful of the consequences of our actions.

Thomas Friedman described the global economy in his book “The World is Flat”, but we in Michigan are all too aware of the reality of the global economy. Unlike most other sectors of the state economy, such as retail and service sectors, which primarily compete locally, manufactures must compete with the lowest cost provider, anywhere in the world. Michigan is a large manufacturing state, ranking fourth in exports and ninth in gross state product in the nation. While manufacturing remains the largest sector in Michigan’s economy, providing \$76.3 billion or 18% of the gross state product, far ahead of the next largest sector, real estate with \$42.9 billion or 12%, global competition, including competition from other American states has highlighted the cold reality of the global economic challenge. During the 21st century, Michigan has lost nearly 350,000 manufacturing jobs.

As Michigan struggles to compete on the basis on cost with lower cost locations, we would urge you to consider the cost impact of addressing climate change with programs limited to just Michigan. The solution must be created at the national level to avoid creating an un-level economic playing field between American states and to ensure that America, as a nation, can negotiate a solution with other nations.

Sincerely,

Mike Johnston
Director of Regulatory Affairs
Michigan Manufacturers Association