

BACKGROUND: Scientists and policy makers are increasingly convinced that the earth is warming and that it is caused largely by increasing atmospheric concentrations of greenhouse gases (GHG), such as carbon dioxide. International efforts have focused on the Kyoto Protocol, which the United State signed but did not ratify due to Bush Administration opposition. Congress has been working on alternative regulatory mechanisms, most prominent of which are cap and trade proposals under which emissions of greenhouse gases would be capped and subject to a system of tradable emissions allowance that would significantly reduce domestic GHG emissions over the next 40 years. The most recent effort to enact such legislation was the Lieberman-Warner Climate Security Act of 2007 (S. 3036), that was debated on the Senate floor in June. The measure failed on a cloture vote of 48-36, and Chairman Boxer has announced plans to take up a more streamlined version of the bill early next year.

The U.S. travel community includes airlines, bus and rental car companies, cruise lines, hotels, state and local destination organizations, shopping centers, theme parks and attractions, restaurants and other diverse travel and tourism-related businesses and associations that both impact and are impacted by climate change. As a result, the travel community is committed to taking measures to reduce greenhouse gas emissions and mitigation measures needed to anticipate climate change impacts. Yet, travel is hugely dependent on energy and transportation and travelers would feel the negative impact of higher electricity and fuel costs much more severely than in other sectors of the economy since these commodities are essential to the operation of travel-related businesses.

The next Administration will need to evaluate a number of steps to address the threat of global climate change. Among these are the ongoing international negotiations on further measures that may be required to develop a post-Kyoto framework for reducing GHGs globally, to enact domestic energy and cap and trade legislation that will accelerate development of clean, renewable energy sources and reduce total emissions of GHGs and to develop regulatory actions that improve fuel efficiency and conservation and limit emissions.

ISSUES FOR THE NEW ADMINISTRATION

1. **Impose International Environmental Policies Uniformly:** Travel and tourism is the United States's largest service export and one that maintains a trade surplus. This industry competes within a global market that includes developed and developing countries. International environmental agreements and domestic policies must be crafted in ways that ensure that significant new costs are minimized and imposed as uniformly as possible to prevent the loss of business to countries that are not subject to such emission control mechanisms. The United States economy would suffer if travel and tourism were subject to significantly higher energy and transportation costs than corresponding business sectors in the developing world.

Action Items:

- The United States government should develop a proactive negotiating position on climate change and push for international agreements that require effective and even-handed response to this global crisis from the international community.

- Any domestic legislation to control GHG emissions must include international safeguards to limit the potential adverse impact to the U.S. economy if other countries are unwilling to take concerted action.
2. **Minimize Adverse Economic Impacts:** Estimates of the cost of comprehensive climate change legislation vary depending on assumptions about how quickly we can develop technology and the pace of regulatory approvals and public acceptance of those technologies. Legislation must include flexibility in the face of this uncertainty to allow our economy to adapt to changes over time. It should also have effective cost control mechanisms to reduce price increases and volatility, especially for businesses that are highly dependent on energy and transportation costs.

Action Items:

- The new Administration should pursue legislation that is effective and affordable and include measures to ensure that emission allowances are allocated in a way that: (a) reduces the adverse impacts on energy and transportation costs, and (b) includes cost control mechanisms, such as offsets, banking, borrowing, direct funding and flexible long-term targets.
 - New fuel economy standards or regulatory GHG emission controls must balance these competing goals.
 - The Administration must work with Congress to ensure that any revenues generated are used to both mitigate harm and stimulate growth in sectors adversely affected. A robust cap and trade program can help to control costs. It can also generate revenues from the sale of emissions allowances that can be used to compensate for unavoidable adverse impacts.
3. **Promote Green Jobs:** The travel community employs more than seven million Americans. Unlike many other prominent American industries, the services industry is growing and is likely to be the backbone of the American economy for years to come. The travel community, including hotels, theme parks, restaurants, rental car companies, cruise lines, and many others, has embraced “green” policies and is in the process of creating thousands of additional green jobs.

Action Item:

- The new Administration should work with the travel community to increase the number of green jobs through various tax and other business incentives.