

US Must Do More to Prevent Loss of Clean Energy Manufacturing Jobs

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The United States must commit to developing a domestic manufacturing sector capable of meeting heightened demand for the parts, systems and components of the growing clean energy economy, a strategy that is key to ensuring that federal clean energy investments create quality, high-paying jobs in the United States. This would avoid indirectly subsidizing the growth of those activities in low-wage countries such as China that are emerging as key competitors in the race to lead the global clean energy economy. This is the conclusion of *Winning the Race: How America Can Lead the Global Clean Energy Economy*, a report released today by the Apollo Alliance and Good Jobs First at a Washington, D.C. conference.

“The United States is currently importing about 70 percent of its renewable energy systems and components,” said Phil Angelides, chairman of the Apollo Alliance. “If that trend continues, we stand to lose out on estimated 100,000 clean energy manufacturing jobs by 2015, and nearly 250,000 by 2030. This country needs a comprehensive clean-energy economic development strategy so we can ensure that jobs being created in the clean energy sector stay in America.”

“The U.S. needs a comprehensive strategy, including safeguards to ensure that increased demand for renewable energy systems doesn’t simply create manufacturing jobs in low-wage havens,” said Good Jobs First Executive Director Greg LeRoy. “In the same way Ohio wouldn’t knowingly subsidize job growth in Iowa, Uncle Sam needs to watch the store and ensure a good return on American investments in clean energy.

Winning the Race illustrates this risk by analyzing the recipients of the Recovery Act’s Advanced Energy Manufacturing Tax Credit (also known as 48C credits), which President Obama recently proposed expanding funding for by \$5 billion due to the program’s success. The report finds that, of the 90 companies that received 48C credits for wind and solar manufacturing projects in the United States, 23 have also been investing in similar production in countries such as China, India, Mexico and Malaysia. The 23 companies, which include both U.S.-based and foreign firms, received a total of \$458 million in 48C credits for their U.S. projects.

“A portion of this offshore investment is meant to serve foreign markets,” said Good

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Jobs First Research Director Philip Mattera, who analyzed the 48C recipient list for the report. “But these examples demonstrate that the U.S. share of the global clean energy economy - particularly in manufacturing - is far from guaranteed. 48C projects have helped stimulate the clean energy manufacturing sector, but some recipients are putting their primary emphasis on low-wage production for the entire global market..”

To address this risk, Winning the Race recommends a comprehensive strategy to create jobs in the clean energy economy through the entire supply chain. The first step is to ensure an expanded and consistent market for clean energy by passing comprehensive clean energy and climate legislation, and then to expand domestic clean energy manufacturing by:

- Increasing the Advanced Manufacturing Tax Credit by \$5 billion, as the president proposed in his FY2011 budget, but adding “clawback” provisions that would enable the federal government to recoup the tax credits if 48C jobs end up being sent offshore.
- Enacting the “Investments for Manufacturing Progress and Clean Technologies (IMPACT) Act,” which would support small and mid-sized manufacturers by providing capital for investments in energy efficiency and for retooling and expanding into the clean energy supply chain.
- Investing in the creation of a well-trained workforce that meets the needs of U.S. clean energy manufacturers and would make onshore investment more attractive.

The full report is available for download at www.apolloalliance.org [1] and at www.goodjobsfirst.org [2].

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