

**WASHINGTON FOREST PRODUCTS COALITION  
COMMENTS ON DEPT. OF ECOLOGY'S CCA/EITE  
REPORT TO THE LEGISLATURE  
SEPTEMBER 3, 2025**

Submitted via: <https://ecology.commentinput.com/>

Adrian Young  
Washington Dept. of Ecology  
300 Desmond Dr SE  
Olympia, WA 98504

**RE: Ecology's report to the Legislature on the allocation of no-cost allowances to EITEs from 2035-2050**

Dear Mr. Young,

Thank you for the opportunity to comment on Ecology's report to the Legislature on the allocation of no-cost allowances to EITEs from 2035-2050.

The Washington Forest Products Coalition was formed in 2024 to promote and protect the use of wood, wood products and sector-related jobs in Washington; protect and develop markets for the state's wood and wood products; and to educate policymakers on how crucial the inter-dependency is within the state's forest products supply chain. Several members of the coalition are classified by North American Industry Classification System (NAICS) code as EITEs under RCW 70A.65.110 – NAICS codes beginning with 321 or 322 respectively.

As members of this coalition, we believe that Ecology's report to the Legislature on EITE no-cost allowance allocation will have significant implications for Washington's entire forest products sector. Many of the proposals in Ecology's draft materials are likely to result in significant capital demand and create undue burden on EITEs in our sector. As such, we submit the following comments for your consideration:

Numerous legislatively enacted policies, agency rules and guiding documents recognize the critical role that forestry and wood products play in advancing the state's carbon reduction and natural climate solutions goals. For example, HB 2528, passed in 2020, recognizes the state's forest products sector – from working forest lands to finished forest products, as an important part of the state's global climate response. Additionally, the state's climate response strategy under RCW 70A.45.090, formally recognizes Washington's forest products sector, including landowners, mills, bioenergy, pulp and paper, and related harvesting and transportation infrastructure, as providing significant net carbon sequestration benefits.

Both of these policies align with the expressed intent of the legislature in SB 5126, the enacting legislation of Washington's Cap & Invest Program, which is to "(a) limit and reduce emissions of greenhouse gas consistent with the emission reductions established in RCW 70A.45.020; **(b) minimize the potential to export pollution, jobs, and economic opportunities; (c) support industry sectors that**

**can act as sequesters of carbon;** and (d) reduce emissions at the lowest cost to Washington's economy, consumers, and businesses."

One of the cornerstones of Ecology's directive in RCW 70A.65.110 (4)(a) is best practices for ensuring against leakage and economic harm. Two key sources of leakage for Washington's forest products sector are reduced harvests or harvest deferrals; the other is decreased demand for residuals or byproducts like wood chips and biomass, when milling infrastructure is rendered economically inoperable. Washington's forest products supply chain is already contending with leakage risks associated with reduced harvests. Additional leakage associated with supply chain impacts is a risk that the larger forest products sector cannot sustain. Studies indicate that leakage in the forestry sector is high, particularly in the Pacific Northwest. A meta-analysis conducted by Pan et al. found that the average carbon leakage in the forestry sector was about 40%<sup>1</sup>.

In addition to sequestering carbon, much of Washington's forest products sector is engaged in the supply or use of biomass as a fuel source Ecology's draft materials largely ignore how existing supply chains and technologies can serve as part of the plan to reduce emissions while avoiding leakage. Our sector is highly market-driven. We gain tremendous value from the commoditization of process residuals, such as biomass, and believe that this misses the mark at addressing SB 5126 intent language (b) and (c) above by focusing solely on (a). This is a consequential error. Many of Ecology's proposals are intended to increase and expedite decarbonization efforts for EITs through electrification or lower carbon fuels. However, this emphasis undercuts the role that the forest products sector has and will continue to play in helping achieve statewide GHG reduction goals.

Lastly, shifting resource demand due to reduced harvests or shuttered infrastructure in the supply chain to other states and countries has significant economic implications for rural communities in Washington. As is noted in the report commissioned by Ecology from the Eastern Research Group (ERG) on market impacts and environmental justice concerns, there are three layers of economic impacts – direct, indirect, and induced. In 2020, Washington's forest products industry supported 42,122 direct jobs and 102,345 total jobs – nearly 2.5 indirect or induced jobs for every direct job. Facilities covered under NAICS codes 321 and 322 also provide the highest numbers of direct and indirect jobs in our sector. In 2020, NAICS code 321 supported 13,734 direct and 36,853 indirect jobs, and NAICS code 322 supported 9,819 direct and 29,981 indirect jobs. While the ERG report does cover some of the economic impacts, it does not fully capture the value of certain sectors. **As the state's third largest manufacturing sector, we would ask that Ecology conduct a comprehensive leakage analysis, like the one done by Vivid Economics in 2018 for the Oregon Carbon Policy Office, prior to any new policy development or implementation.**<sup>2</sup>

In its final report to the Legislature, Ecology must provide an accurate and realistic assessment of carbon reduction opportunities for Washington's forest products sector, including its manufacturers. One of the items that should be included is a comprehensive analysis of potential GHG and jobs leakage for forest products manufacturers in Washington. These two pieces are essential to inform a reasonably achievable allowance reduction schedule for our sector from 2035-2050 that maintains economic competitiveness with facilities outside of Washington State. A schedule that not only supports the state's GHG reduction goals but also reflects the Legislature's objective of minimizing the export of

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<sup>1</sup> Pan, W. et al. (2020) 'Carbon leakage in energy/forest sectors and climate policy implications using meta-analysis', *Forest Policy and Economics*, 115, p. 102161. doi:10.1016/j.forpol.2020.102161.

<sup>2</sup> [https://www.nwpulpandpaper.org/\\_files/ugd/382624\\_718723b43ae6401881825e3fea9ee11a.pdf](https://www.nwpulpandpaper.org/_files/ugd/382624_718723b43ae6401881825e3fea9ee11a.pdf)

pollution, jobs, and economic opportunities, supporting sectors that sequester carbon and reducing emissions at the lowest cost to Washington's economy, consumers, and businesses.

Thank you for considering our concerns and the impacts Ecology's report will have on Washington's forest products industry.

Sincerely,

NORTHWEST PULP & PAPER ASSOCIATION  
ASSOCIATION OF WESTERN PULP AND PAPER WORKERS UNION  
WASHINGTON FOREST PROTECTION ASSOCIATION  
WASHINGTON FARM FORESTRY ASSOCIATION  
AMERICAN FOREST RESOURCE COUNCIL  
WASHINGTON CONTRACT LOGGERS ASSOCIATION