

Climate & Trade Efforts in the U.S. and Abroad

EESI Staff Briefing | November 6, 2025

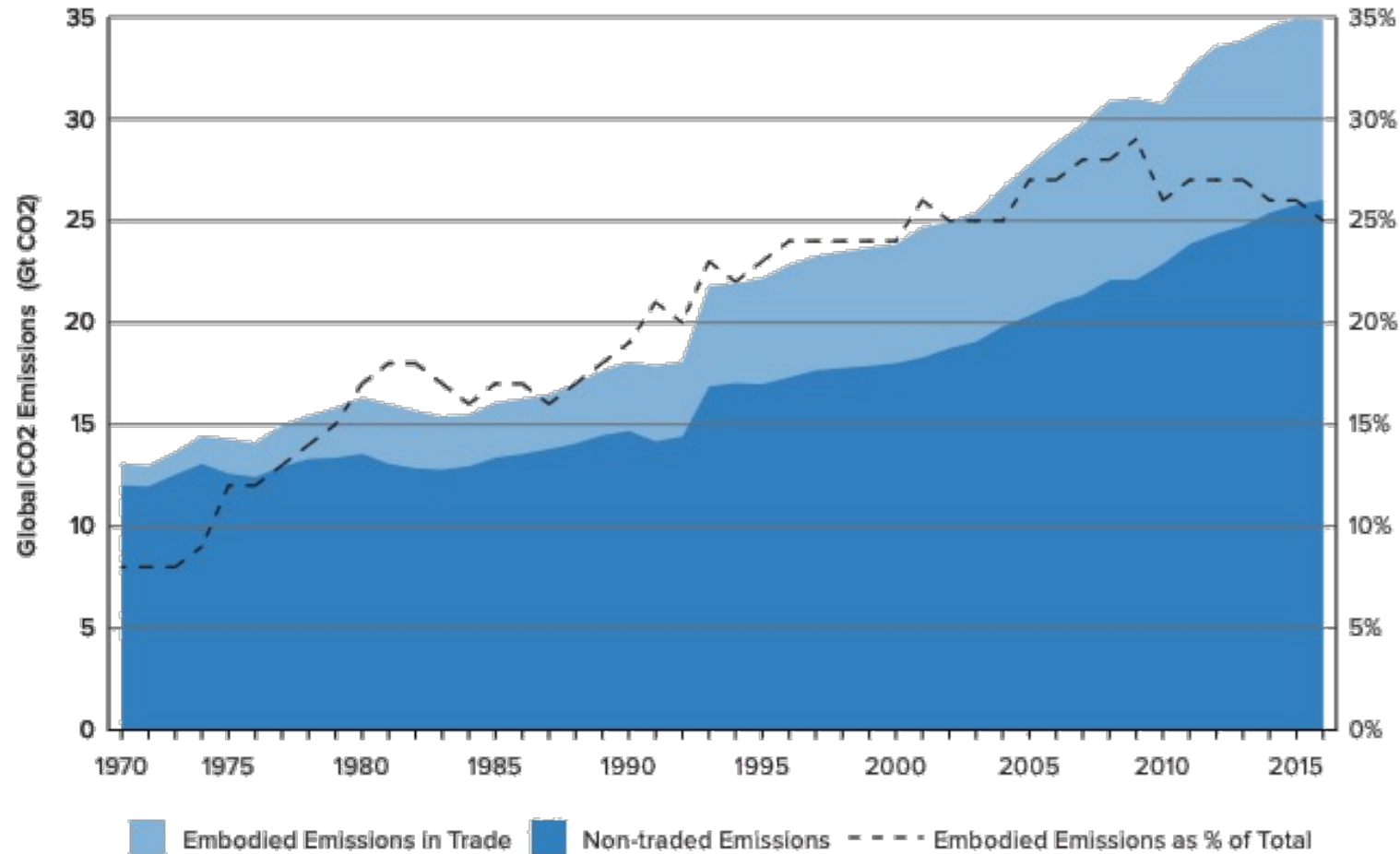
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Building the Case for Climate & Trade Policies

The Environmental Opportunity



A **quarter** of global emissions are embodied in internationally traded goods.

The Competitiveness Opportunity

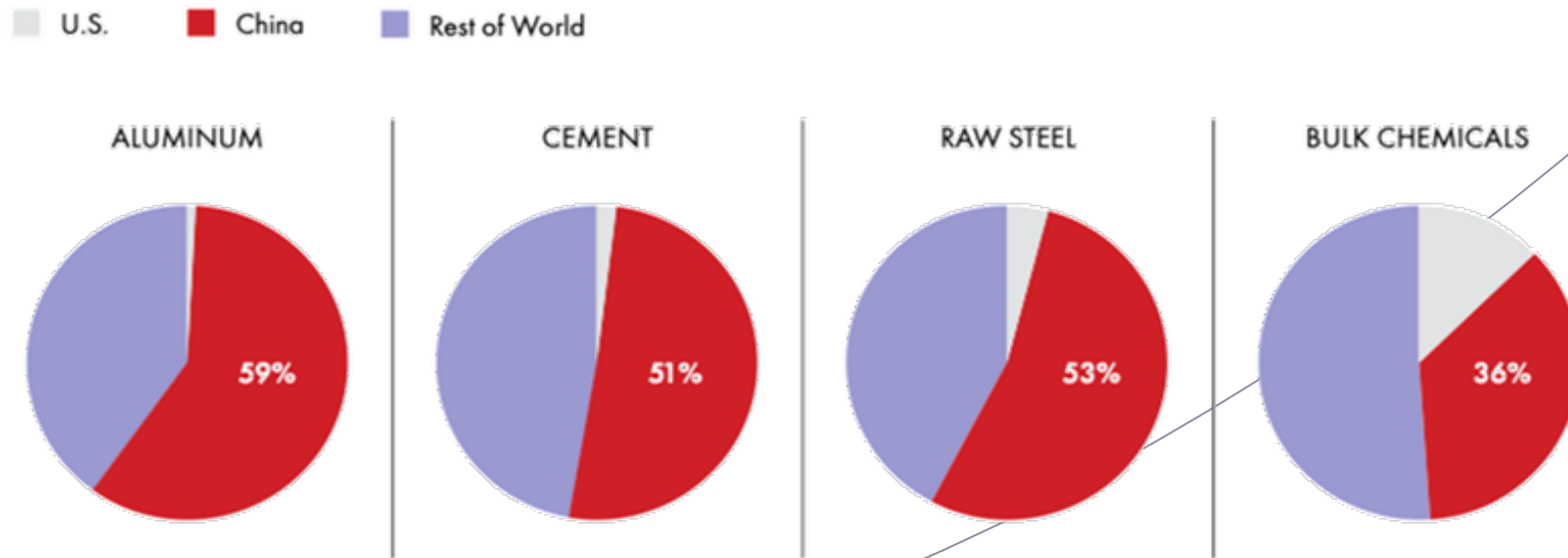
U.S. firms enjoy a carbon advantage against international competitors in nearly every sector.

	U.S.	Brazil	Canada	China	EU	India	Mexico	Russia
Mining and quarrying, energy producing products	1.0	1.2	2.2	1.9	1.5	1.7	1.0	1.0
Mining and quarrying, non-energy producing products	1.0	0.9	1.2	3.8	1.3	2.3	1.2	1.0
Mining support service activities	1.0	1.4	2.9	5.7	3.1	2.0	1.8	1.0
Wood and products of wood and cork	1.0	1.3	2.1	1.6	0.9	1.3	1.8	1.0
Paper products and printing	1.0	1.8	4.2	2.2	1.0	3.6	1.0	1.0
Coke and refined petroleum products	1.0	1.2	1.6	1.5	1.1	1.7	0.9	1.0
Chemical and chemical products	1.0	1.3	1.5	2.4	0.9	1.6	1.0	1.0
Pharmaceuticals, medicinal chemical and botanical products	1.0	3.7	3.1	6.6	2.0	6.9	8.5	1.0
Rubber and plastics products	1.0	1.9	1.2	2.7	1.0	2.7	1.5	1.0
Other non-metallic mineral products	1.0	2.2	1.2	2.1	1.3	3.8	0.9	1.0
Basic metals	1.0	2.2	1.3	2.7	1.2	3.5	1.3	1.0
Fabricated metal products	1.0	2.0	1.2	4.0	1.0	3.9	1.9	1.0
Computer, electronic and optical equipment	1.0	3.7	2.6	7.1	2.7	17.6	4.4	1.0
Electrical equipment	1.0	2.2	1.4	3.8	1.2	6.7	1.9	1.0
Machinery and equipment, nec	1.0	1.8	1.2	3.7	1.0	6.2	1.5	1.0
Motor vehicles, trailers and semi-trailers	1.0	1.8	1.1	2.6	1.0	5.5	1.4	1.0
Other transport equipment	1.0	2.0	1.3	5.3	1.3	6.2	2.0	1.0
Manufacturing nec; repair and installation of machinery and equipment	1.0	1.3	1.3	2.6	0.7	2.9	1.4	1.0
Economy-Wide	1.0	2.3	1.5	3.6	1.0	4.4	1.7	1.0

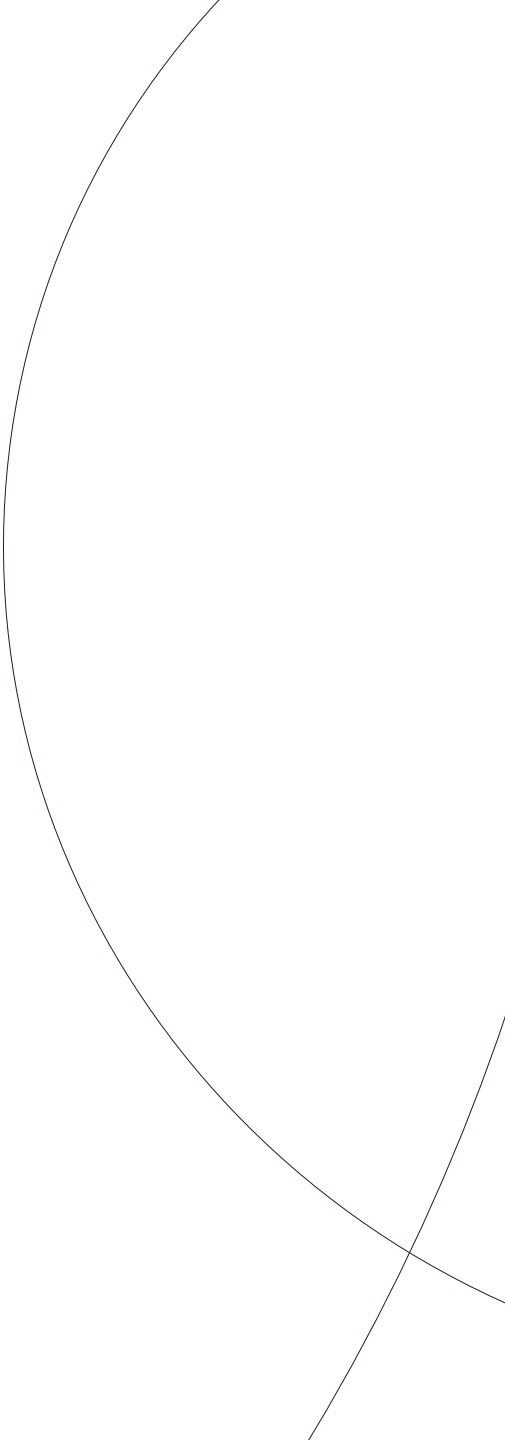
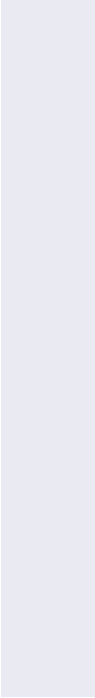
The Geopolitical Opportunity

Introduce a new system of accountability for non-market actors

China's Outsized share of Commodity Manufacturing



Source: US Geological Survey, 2024 and OECD, 2020¹²



Climate & Trade Developments: The U.S.

Tariffs with a Pollution Subtext



“They manipulated their currencies, subsidized their exports, stole our intellectual property, imposed exorbitant VAT taxes to disadvantage our products, adopted unfair rules and technical standards, and **created filthy pollution havens.**”

– President Donald Trump, April 3, 2025

“Yet, other countries chose... to play by different rules... There is a Great Pacific Garbage Patch floating in the middle of the Pacific Ocean that is made up of plastic and trash flowing into the sea from Asian rivers. Companies operating in places like that could naturally make things cheaper than companies that had to play by our rules.”

– U.S. Trade Representative Jamieson Greer, September 2, 2025



Growing Bipartisan Support

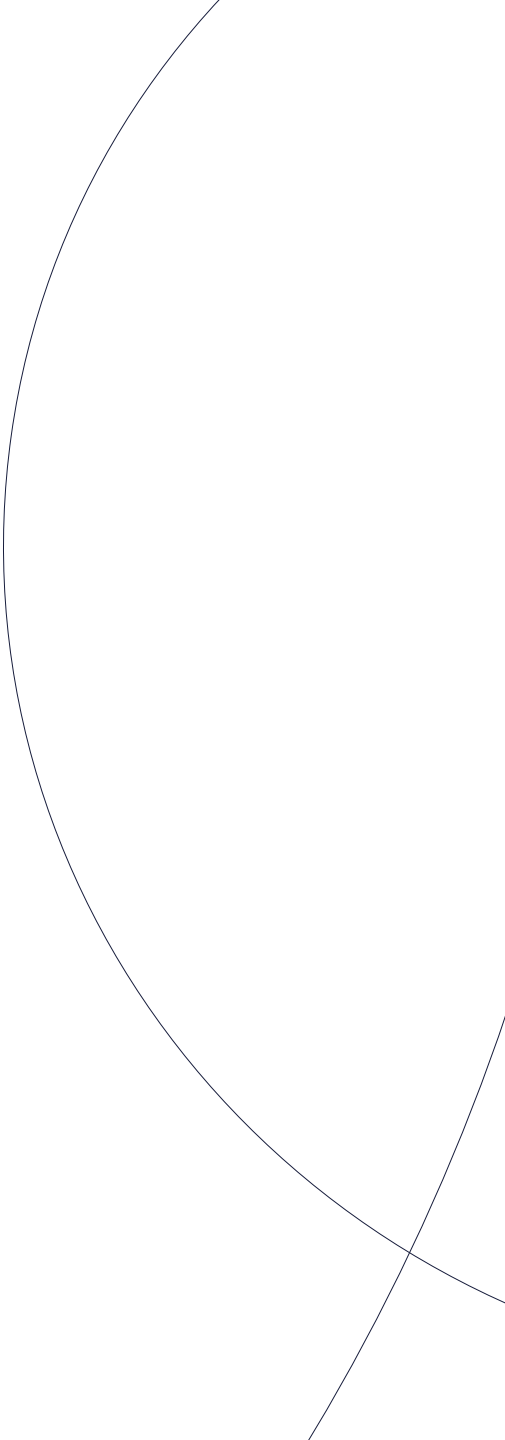
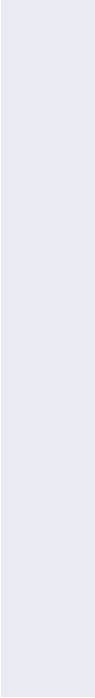
Congressional Proposals (118 th & 119 th)			
Data collection	Carbon import fee	Carbon price	Methane import fee
PROVE IT Act of 2024 Sens. Coons (D-DE) & Cramer (R-ND) in Senate and Reps. Curtis (R-UT-3) & Peters (D-CA-50) in the House	Modern Steel Act of 2024 Rep. Khanna (D-CA-17) Foreign Pollution Fee Act of 2025 Sens. Cassidy (R-LA) & Graham (R-SC)	Clean Competition Act of 2023 Sen. Whitehouse (D-RI) & Rep. DelBene (D-WA-1) Energy Innovation and Carbon Dividend Act of 2023 Reps. Carbajal (D-CA-24) & Peters (D-CA-50) America's Clean Future Fund Act of 2024 Sen. Durbin (D-IL) MARKET CHOICE Act of 2025 Reps. Fitzpatrick (R-PA-1) & Carbajal (D-CA-24)	Methane Border Adjustment Mechanism Act of 2025 Rep. Brownley (D-CA-26)
Was reintroduced in the 119th			
Expecting reintroduction in the 119th			

Zoom in: Foreign Pollution Fee Act of 2025

"The strategy we have taken is *a carbon border adjustment mechanism* whereby if there is an industry in which the product being produced is far more carbon intensive than that which is being produced in the the United States, there would be a fee placed upon that product when it enters into the United States... creating *an international paradigm in which emissions are lowered*." –Sen. Bill Cassidy (R-LA)



- Imposes import fees on steel, aluminum, cement, glass, fertilizer, hydrogen, battery products, and solar products
- Facilitates immediate implementation with specific tariff table
- Assigns fee based on country average pollution intensities; facility-specific data allowed in some circumstances
- Emphasizes international partnerships, including with low & low-middle income partners
- Raises up to \$240B over 10 years



International Policy Developments

Markets Developing Carbon Import Fees

Australia

Canada

EU (operational)

India

Japan

Norway (implementing)

South Korea

Taiwan (implementing)

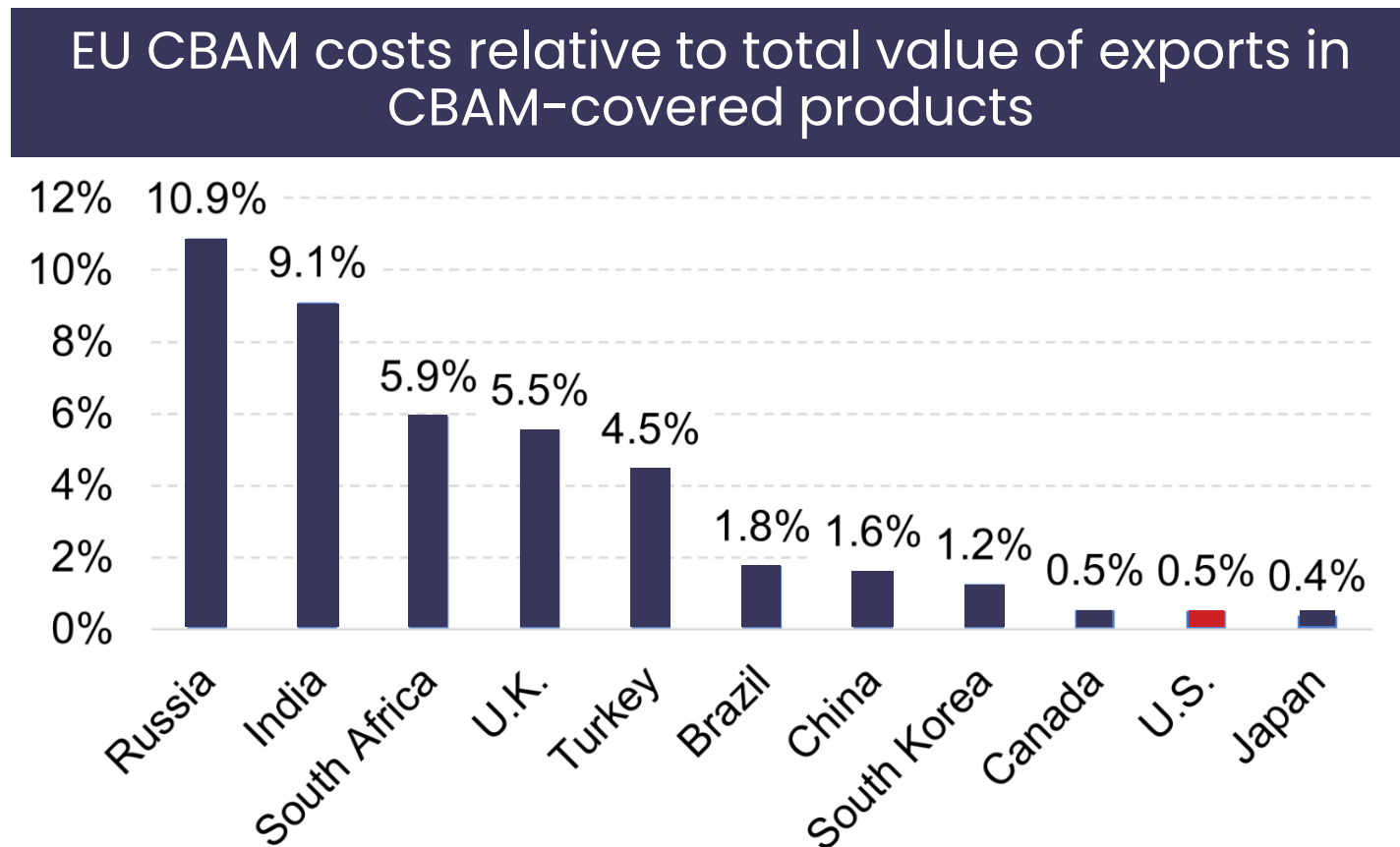
UK (implementing)

U.S.

- Operational
- In implementation stage
- In deliberation or development stage

EU Carbon Border Adjustment Mechanism

- Imposes import fees on steel, aluminum and other commodities
- EU to release details on extended product coverage in early 2026
- Intended to mirror the EU's ETS
- Fees kick in January 1, 2026
- Linger regulatory uncertainty



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