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December 5, 2024

Dear President-Elect Trump,

Our team shares your Administration's priorities around unleashing American economic growth, revitalizing our manufacturing sector, fostering energy security and prosperity, and promoting a foreign policy that serves American security interests. At the Center for Climate & Trade, we are focused on addressing global emissions by promoting those interests first. In our work, we collaborate with industry and civil society to advance trade policies that bolster American manufacturers and establish a pro-growth American agenda—which will lead to lower global emissions.

We are looking ahead to five priority areas to strengthen U.S. trade policy:

- Boost American manufacturers by leveraging their competitive advantages.
- Hold competitors and adversaries like China and Russia accountable.
- Strengthen supply chains for critical minerals and other resources.
- Leverage strategic foreign investment to support economic and geopolitical interests.
- Ensure fair treatment of U.S. firms under foreign trade policies.

Global competition is turning more to economic might than military might. Challenging the U.S.'s main competitor—China—requires reasserting American leadership in the global economy, boosting domestic manufacturing, and building strong strategic relationships with international partners, including developing and emerging markets.

Please consider us a partner and resource in advancing these priorities:

Boost manufacturing by leveraging American manufacturers' competitive advantage.

U.S. manufacturers have invested in innovative processes, modern facilities, and a sophisticated workforce to produce high-quality industrial and consumer goods with 44% fewer emissions than their competitors, on average; we call this a “carbon advantage.” In fact, U.S. firms are 3x more carbon efficient than those in China. This carbon advantage can be leveraged to level the playing field for American firms and penalize pollution-intensive foreign firms. A tariff modeled to account for differences in the pollution intensity of production can boost domestic manufacturing, nearly double profits for domestic firms, and cut imports by half. Further, we believe such a tariff would give the U.S. leverage to secure favorable trade deals, encouraging allies to follow our lead and fostering a more competitive global market for U.S. manufacturers over high-emitting countries.

Hold competitors and adversaries like China and Russia accountable.

American firms are forced to compete against actors that flood the market with low-priced goods through a series of non-market practices, including inadequate environmental and labor standards, and IP and technology theft. The global market rewards them for doing so. Thus far, the U.S. has failed to mobilize global partners to adequately address these market distortions

that are plaguing the international trading system. We commend your past efforts to address this issue, including trade investigations and communication from former U.S. Trade Representative Robert Lighthizer to the WTO emphasizing poor environmental standards as an unfair trade practice. Your incoming Administration can strengthen its hand by imposing specific costs on non-market economies and their subsidiaries through the trading system. Working with like-minded nations to impose penalties for non-market practices would reshape global trade to favor U.S. businesses and result in better environmental outcomes.

Strengthen supply chains for critical minerals and other commodities.

Great power competition is blurring the lines between geopolitical and economic competition. To ensure the American economy stays dynamic, innovative, and in the best position to lead the future, we need robust, diversified, and reliable long-term supply chains for critical materials. This requires ambitious new efforts to develop mineral resources at home and strategic cooperation to cultivate resources among our trading partners. We encourage the U.S. to engage in targeted trade, security, and investment agreements to support upstream and midstream supply chains internationally and the growth of domestic downstream industries.

Leverage strategic foreign investment to support economic and geopolitical interests.

Competition for geopolitical alignment with emerging economies is already underway. The U.S. has largely ceded the race to China, which has invested roughly \$1 trillion in energy, industrial, and commercial infrastructure to strengthen ties with rapidly growing markets across Southeast Asia, Sub-Saharan Africa, and Latin America. Thankfully, we are still in the early days, and upwards of \$215 trillion in market opportunity is available to American firms by mid-century—if we get in the game. Strategic international investments that leverage U.S. interests and private sector capital could effectively counter China's geopolitical influence and build durable commercial ties to the world's fastest-growing economies. The International Development Finance Corporation, created during the first Trump Administration, is due for reauthorization in 2025. The Export-Import Bank, reauthorized in 2019 for a historic length under the Trump Administration, is due for reauthorization again in 2026. Over the next two years, the incoming Administration is uniquely positioned to help American firms win this race.

Ensure fair treatment of U.S. firms under foreign carbon border adjustments.

Foreign governments, including the European Union and the United Kingdom, will begin imposing tariffs on goods such as iron, steel, aluminum, cement, and fertilizer based on their embodied emissions under emerging Carbon Border Adjustment Mechanisms (CBAM). Numerous other nations are expected to follow, with Japan, India, Taiwan, Australia, and Canada all considering policies of their own. Early indications suggest that some U.S. products may be wrongfully disadvantaged under these regimes. We encourage the Trump Administration to engage directly with the EU and UK as regulations are finalized as early as summer 2025 to enhance transparency in measurement, reporting, and verification rules and ensure that U.S. firms are treated fairly. We are exploring solutions to ensure that U.S. firms are appropriately credited for their efficient manufacturing practices.

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The U.S. is uniquely positioned to shape the global trading system around the key strengths of U.S. manufacturers by valuing fair market practices, trade deals that reinforce domestic growth, and strong environmental performance.

The Center for Climate & Trade looks forward to working with the incoming Administration to leverage trade policies toward an American economic resurgence.

Sincerely,



Gregory I. Bertelsen
CEO