AMERICA’S CARBON ADVANTAGE: KEY TAKEAWAYS

1.) Nearly 25% of global emissions are embedded in products crossing international borders, making trade an area of enormous untapped opportunity in climate policy.
2.) The right climate and trade policies will reduce global emissions – but they will also be a win for the United States’ economic and geopolitical standing.
3.) The U.S. has a striking carbon efficiency advantage over its key trading partners, meaning we produce the same goods while emitting less carbon.
4.) But today, U.S. manufacturers get no credit for producing goods with fewer emissions. A well-designed climate policy would level the playing field and encourage competition.
5.) By establishing a new order on climate and trade, the U.S. can rapidly cut emissions, reinvigorate American manufacturing, strengthen cooperation with our allies, and encourage high-emitting countries to do their part.

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- Also known as the “carbon loophole,” these emissions are associated with the production of goods and services in one country that are ultimately consumed in another.
- This represents an 8-billion-ton hole in how advanced economies like the United States think about addressing climate change.

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- The U.S. could lead without having to depend solely on drawn-out international negotiations, which to date have failed to motivate major global reductions.
- Climate-aligned trade policies can also diminish the competitive and strategic position of economies like China, the world’s largest exporter and largest polluter.
- Climate and trade policies give the U.S. an opportunity to strengthen international cooperation with our climate-minded allies and while holding everyone accountable for global emissions reductions.
The U.S. has a striking carbon efficiency advantage over its key trading partners, meaning we produce the same goods while emitting less carbon.

- Goods manufactured in the U.S. are 40% more carbon-efficient than the world average.
- The U.S. is twice as carbon-efficient as its trading partners in oil and gas extraction, rubber and plastics manufacturing, and computer and electronics manufacturing.
- The U.S. carbon advantage is 3X that of China and nearly 4X that of Russia and India. It also compares favorably to Mexico, Canada, South Korea, and Japan.
- Climate policy offers an opportunity for America to put its manufacturers first and raise global climate ambition: Energy intensive U.S. industries, like steel, are uniquely positioned to gain a competitive advantage from this policy.
- If you create an economic incentive to compete on the basis of lower emissions, American wins.

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- Currently, the U.S. imports 75% of its goods from less carbon efficient countries.
- U.S. manufacturers compete on an unlevel playing field in the American market against many foreign producers who face laxer environmental standards.

By establishing a new order on climate and trade, the U.S. can rapidly cut emissions, reinvigorate American manufacturing, strengthen cooperation with our allies, and encourage high-emitting countries to do their part.

- Pairing a nationwide carbon fee with a carbon intensity import fee would enhance the competitiveness of U.S. manufacturers vs. low-cost, high-emission production overseas.
- With all G7 countries independently considering policies to align climate and trade, the U.S. can collaborate with its allies to introduce a powerful new signal to the international trading system.