

GREG BERTELSEN  
CEO

# America's Carbon Advantage and How to Leverage it

	USA	Brazil	Canada	China	EU	India	Mexico	Russia	World
Agriculture, forestry and fishing	1.0	1.2	1.4	1.2	1.2	0.9	1.6	1.8	1.0
Mining and extraction of energy producing products	1.0	1.1	1.6	2.2	0.9	5.9	1.5	2.2	1.3
Mining and quarrying of non-energy producing products	1.0	0.6	1.6	2.2	0.8	4.7	1.0	3.2	1.4
Mining support service activities	1.0	1.8	1.5	5.2	1.9	2.5	1.6	4.2	1.9
Food products, beverages and tobacco	1.0	1.0	1.0	1.4	0.8	1.5	0.9	1.8	1.1
Textiles, wearing apparel, leather and related products	1.0	0.8	1.0	1.8	0.8	2.3	1.1	1.9	1.5
Wood and products of wood and cork	1.0	1.0	1.3	1.8	0.9	3.7	1.7	2.9	1.4
Paper products and printing	1.0	0.9	1.0	1.7	0.8	2.3	1.1	2.4	1.2
Coke and refined petroleum products	1.0	0.9	1.3	1.6	1.3	1.8	1.9	1.7	1.3
Chemicals and pharmaceutical products	1.0	0.9	1.5	2.6	0.8	2.1	1.2	5.5	1.6
Rubber and plastic products	1.0	0.9	1.0	2.7	0.7	2.1	1.1	2.9	2.0
Other non-metallic mineral products	1.0	0.7	0.9	1.6	1.0	2.5	0.9	2.7	1.3
Basic metals	1.0	1.3	1.0	1.8	0.9	2.7	0.7	3.7	1.5
Fabricated metal products	1.0	1.3	0.9	3.1	0.9	6.1	1.4	4.8	1.8
Computer, electronic and optical products	1.0	2.5	2.3	5.7	2.1	8.0	3.4	7.4	4.0
Electrical equipment	1.0	1.5	1.2	3.1	1.0	3.9	1.4	4.8	2.2
Machinery and equipment	1.0	1.0	0.9	2.8	0.8	4.0	1.2	4.5	1.8
Motor vehicles, trailers and semi-trailers	1.0	1.2	0.9	2.4	0.7	3.5	1.0	3.6	1.3
Other transport equipment	1.0	1.3	0.9	2.8	0.8	3.5	1.3	3.2	1.5
Other manufacturing; repair & installation of machinery and equipment	1.0	1.0	1.0	2.8	0.7	4.2	1.7	4.1	1.9
<b>Economy-Wide</b>	<b>1.0</b>	<b>1.1</b>	<b>1.3</b>	<b>3.2</b>	<b>0.9</b>	<b>3.8</b>	<b>1.4</b>	<b>4.2</b>	<b>1.8</b>

 US Carbon Advantage (foreign competitors less carbon efficient)

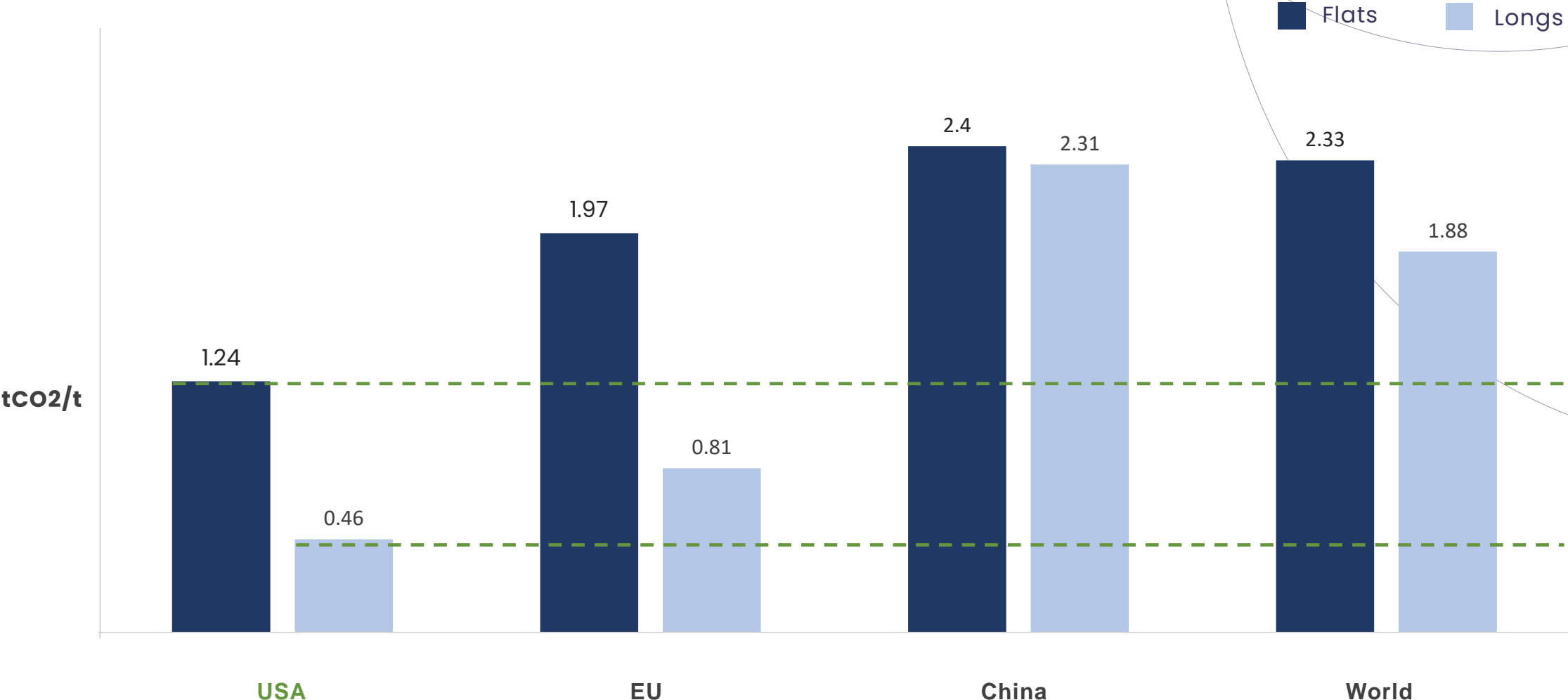
 US Carbon Disadvantage (foreign competitors more carbon efficient)

 US Carbon Efficiency or Equivalent

Data: MacroDyn Group calculations based on data from the International Energy Agency, the World Input – Output Database environmental accounts and the Global Trade Analysis Project.

# U.S. CARBON ADVANTAGE IN STEEL

SCOPE 1+2 EMISSIONS INTENSITY (AVERAGE), 2021



Data: CRU

# U.S. Carbon Advantage in Chemicals

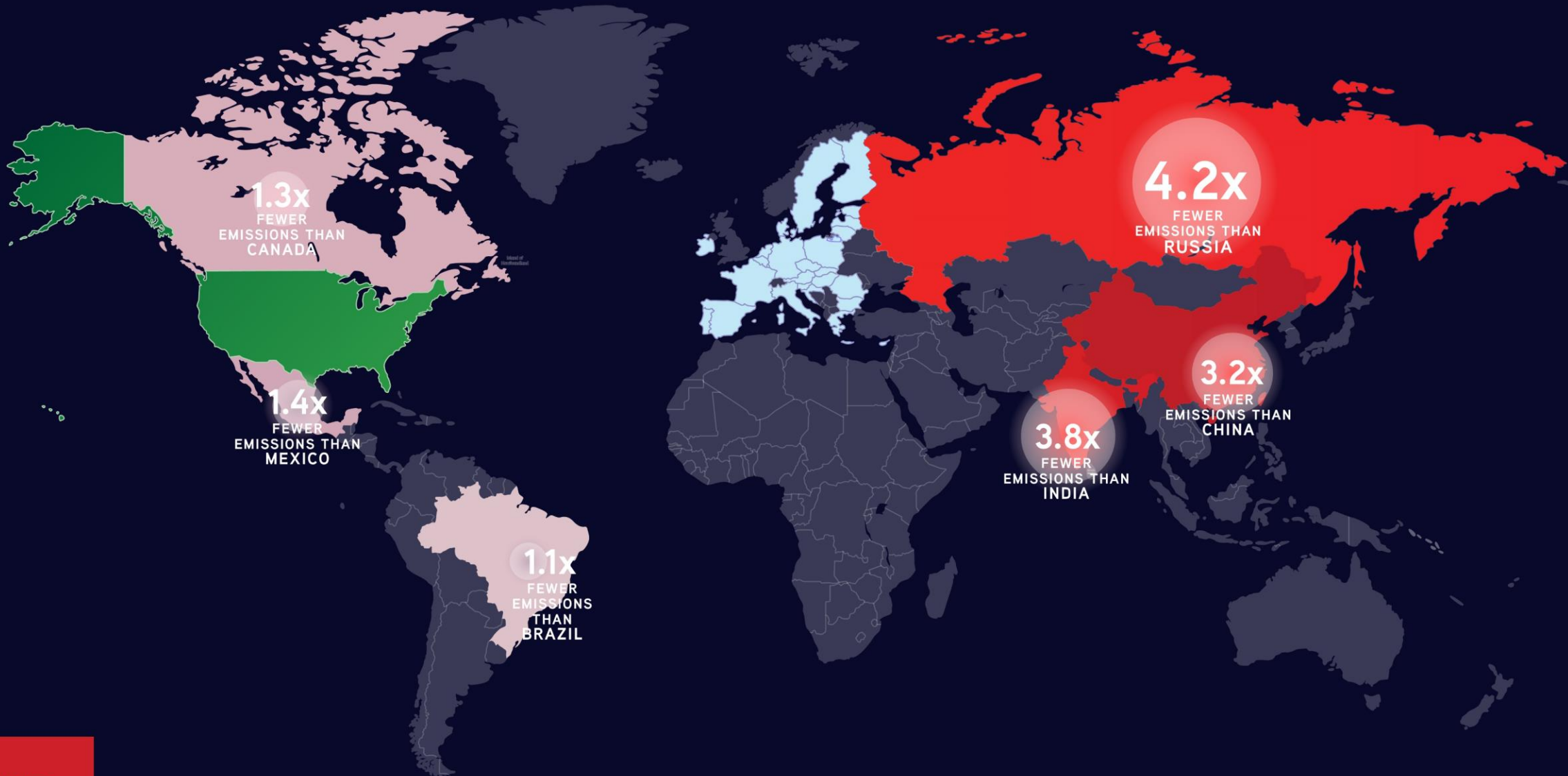
**TABLE A.**  
AMERICA'S CARBON EFFICIENCY ADVANTAGE IN BULK  
CHEMICALS MANUFACTURING VS. GLOBAL TOP PRODUCERS

	USA	China	EU	Saudi Arabia	World
Benzene	1.0	1.4	1.5	1.3	1.3
Toluene	1.0	1.2	1.2	1.1	1.1
Ammonia	1.0	2.1	1.0	0.9*	1.3
Polyethylene	1.0	1.8	0.8	1.1	1.1
Polypropylene	1.0	2.9	1.0	1.4	1.6

\*Not a major producer of ammonia

	U.S. Carbon Advantage (foreign competitors less carbon-efficient)
	U.S. Carbon Disadvantage (foreign competitors more carbon-efficient)
	U.S. Carbon Efficiency or Equivalent

Source: Carbon Minds (2022), cm.chemicals database V1.01  
2022; index calculations by Climate Leadership Council



CLIMATE  
LEADERSHIP  
COUNCIL

American manufacturers produce goods with far fewer emissions than many of our key trading partners.

# Republicans Embracing BCAs



“One of the means **I’ve been working on is a carbon border adjustment mechanism** that recognizes the high price our carbon intensive companies already pay for a higher environmental standard, as well as other high standards like labor and workplace standards, and joining forces with our friends who have similar standards. Instead of punishing ourselves, punishing and manipulating the behavior of the polluters, which just so happen to be our adversaries in most cases, I favor a much simpler approach compared to a lot of others.”

– **Sen. Kevin Cramer (R-ND)**



“Senator Cassidy is interested in promoting the use of cleaner produced goods domestically and internationally,” the spokesperson said. “He anticipates introducing legislation that focuses on ensuring imports dirtier than American-made products are disadvantaged while including a **pathway to expand the policy** to international partners.”

– **Office of Sen. Bill Cassidy (R-LA)**



[From Bloomberg:] Another Republican Senator said he’s planning to introduce **legislation that would slap tariffs on carbon-intensive imports**, an idea gaining traction with the GOP as a climate solution. “It’s time to take the gloves off.”

– **Sen. Lindsey Graham (R-SC)**

# Senate Democrats Supporting BCAs



The EU has announced a [Carbon Border Adjustment Mechanism]. They've pretty well defined it. It's coming at us...I hope very much that that will be seen as a welcome step by the administration and one that we can try to meet and match. I think the **EU CBAM opens the prospect of us joining** into a common carbon border agreement.”

– **Sen. Sheldon Whitehouse (D-RI)**



I think we will ultimately end up, I hope, with a consensus bill...but there are very different approaches from the senators — very different. We are all trying to find a path forward on a border carbon adjustment, and hopefully, **we will harmonize our approaches**, because while an initial discussion and different priorities and values makes sense, at the end of the day, we need to get something that can be passed.”

– **Sen. Chris Coons (D-DE)**



"Done right, [carbon tariffs are] **a big opportunity for both workers and innovation** and America's place in the global economy.“

– **Sen. Ron Wyden (D-OR)**

# Support for BCAs Among Republican and Democratic Policy Chiefs



“Personally, I would want to see people **come together and have some kind of a carbon border adjustment...**”

– **Former USTR for Pres. Trump Robert Lighthizer**



“...Congress could develop an industrial competitiveness program for heavy industries like cement, steel and chemicals that includes **an emissions-based border adjustment fee on imported industrial goods** from countries with less ambitious emissions controls. This would bolster the I.R.A.’s incentives, increase the competitiveness of American industries and address China’s nonmarket practices in these areas...”

– **Former Biden NEC Director Brian Deese**



# ECONOMIC OPPORTUNITY

A U.S. border carbon adjustment would **net the U.S. steel industry \$2.8 billion**

## SALES

up as much as

**9%**



## PROFITABILITY

up as much as

**41%**



## MORE CARBON INTENSIVE IMPORTS

down as much as

**50%**



# GEOPOLITICAL OPPORTUNITY

A study by He Jianwu, a research fellow in the **State Council's Development Research Center in Beijing**, found that a fully implemented European CBAM could reduce Chinese GDP by 0.64 percent and destroy 2.3 million jobs.

**Russia's oil czar Igor Sechin** said border carbon charges applied by the EU and possibly elsewhere could cause "incomparably greater damage to the [Russian] economy" than sanctions.



# Final Thoughts

- U.S. economy relatively more carbon efficient than world average
- With right incentives we'll drive more investment and production to U.S., and lower global GHGs
- Check out: PROVE IT Act by Sens. Cramer (R-ND) and Coons (D-DE)
- Learn more: [clcouncil.org](http://clcouncil.org)