

Our Alarming Climate Emergency Demands Border Adjustments Now

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A new proposal for border carbon adjustments

Primary goal: induce governments of high-polluting countries to improve their policies to reduce GHG pollution.

Core idea: Each country or customs union that imposes positive net taxes on fossil fuel use at home should extend the same treatment to all goods it imports--unilaterally if necessary.

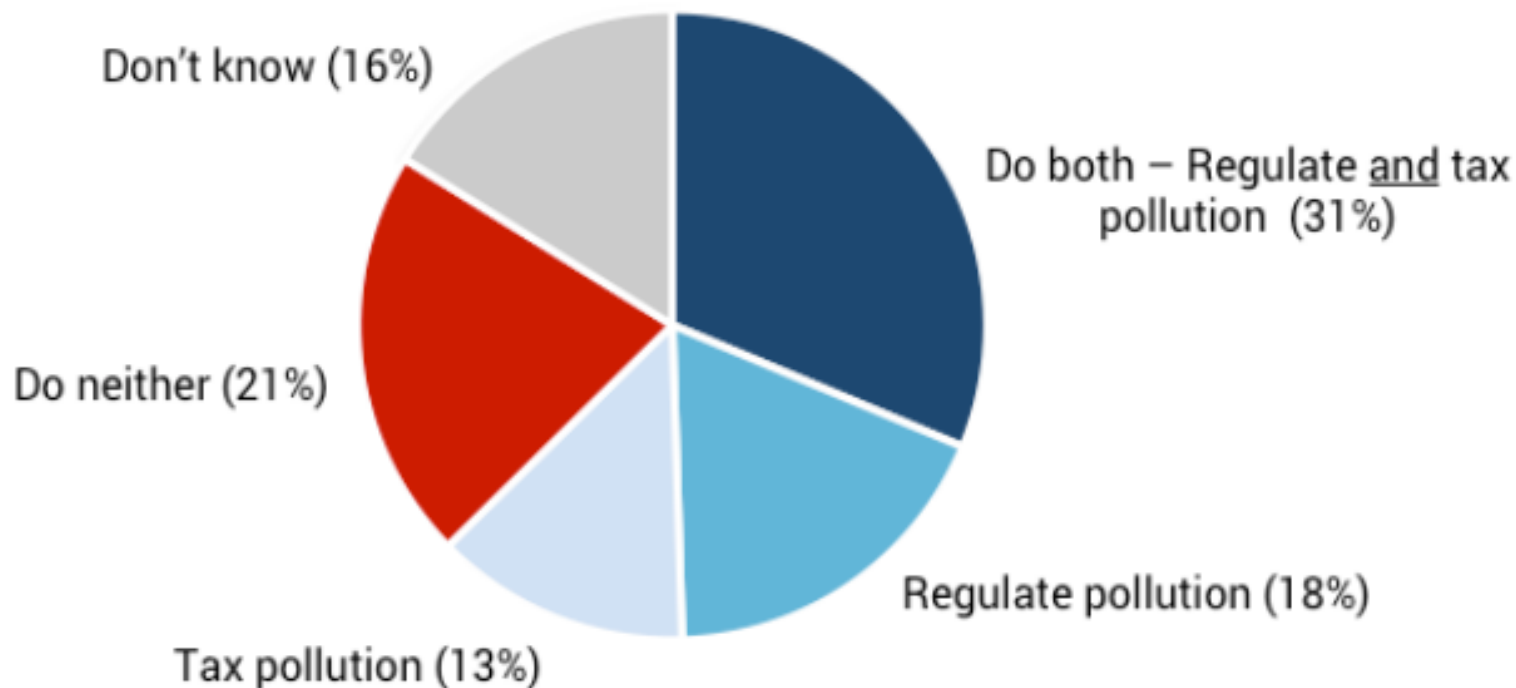
BCA = All “FF tax” paid on a like home good minus all “FF tax” already paid on the imported good along its supply chain

A COMPLETE VERSION SHOULD SATISFY 3 PRINCIPLES

- Exempt low-emitting countries
- Compatible with WTO law
- Minimize new transaction costs

More Than Six in Ten Trump Voters Support Taxing and/or Regulating the Pollution that Causes Global Warming

In general, which of these two approaches to reducing the pollution that causes global warming do you prefer, if either?



Governments can reduce the pollution that causes global warming in two main ways: (1) Tax pollution (require companies to pay a tax on the pollution they emit, which encourages them to reduce their emissions). (2) Regulate pollution: (legally require companies to limit the amount of pollution they emit). In general, which of these two approaches to reducing the pollution that causes global warming do you prefer, if either?

Base: Trump Voters (n=401). November 2016.

154 US firms pledged to fight climate change in 2015

ALCOA

APPLE

BANK OF AMERICA

BERKSHIRE HATHAWAY
ENERGY

CARGILL

COCA-COLA

DELL

FACEBOOK

GENERAL MOTORS

GOLDMAN SACHS

GOOGLE

KELLOGG'S

IKEA

LEVI STRAUSS

MICROSOFT

PG&E

SIEMENS

TARGET

UPS

WALMART

Country	CO2 per capita 2014	Total CO2 2015	Energy tax rate
	Metric tonnes per capita	Territorial emissions in million tonnes CO ₂	Euros per tonne of CO ₂ emissions
Qatar	45.4	91.0	
Trinidad and Tobago	34.2	45.0	
Kuwait	25.2	102.0	
Bahrain	23.4	33.0	
United Arab Emirates	23.3	177.0	
Brunei Darussalam	22.1	9.1	
Saudi Arabia	19.5	600.5	
Luxembourg (EU28)	17.4	10.0	93.64
United States	16.5	5,413.6	4.83
Oman	15.4	63.0	
Australia	15.4	399.7	19.55
Canada	15.1	557.0	7.72
Estonia (EU28)	14.8	20.0	25.70
Kazakhstan	14.4	235.0	
Turkmenistan	12.5	91.0	
Palau	12.3	0.2	
Russian Federation	11.9	1,617.3	0.01
Korea, Rep.	11.6	592.2	26.47
Singapore	10.3	55.0	
Netherlands (EU28)	9.9	162.0	87.98
Japan	9.5	1,237.3	37.41
Norway	9.3	44.0	93.25
Czech Republic (EU28)	9.2	96.0	31.55
Libya	9.2	54.0	
South Africa	9.0	462.2	13.86
Germany (EU28)	8.9	798.3	58.26
Finland (EU28)	8.7	44.0	60.18
Belgium (EU28)	8.3	100.0	45.63
Iran, Islamic Rep.	8.3	647.5	
Malaysia	8.0	249.0	
Israel	7.9	72.0	73.33
New Zealand	7.7	36.0	31.33
Poland (EU28)	7.5	315.8	25.50
China	7.5	10,357.1	3.40
Ireland (EU28)	7.4	37.0	77.13
Ref: OECD MEDIAN	7.15		

HIGHLY-POLLUTING COUNTRIES

To find this online, search “alarming climate border.”

ILLUSTRATIONS

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Ref: OECD MEDIAN	7.15		
Ref: European Union	6.4		
France (EU28)	4.6	339.9	61.12
Gabon and WORLD MEDIAN	2.8	5.0	
India	1.7	2,274.3	3.12

WHY NOT DESIGN BCAs ACCORDING TO CARBON FOOTPRINTS?

- The goal is more than stopping carbon leakage: policy change in high-polluting countries
- More effective for that goal: a) direct incentive for governments, and b) reach behind-the-border emissions



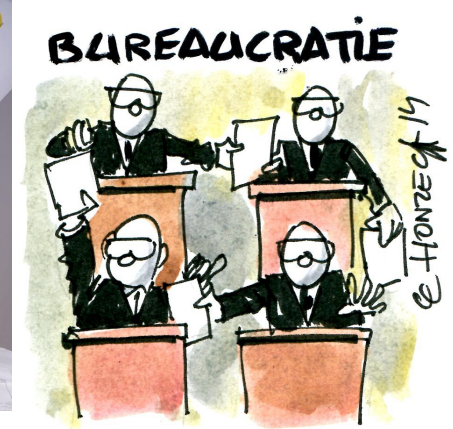


COMPATIBLE WITH WTO



WTO

WORLD TRADE ORGANISATION



MINIMIZE TRANSACTION COSTS



- Stage 1: set a default BCA for motors using VAT administration
- Stage 2: authorize customs to deduct from the default rate for documented mitigation costs applied to imports throughout their supply chains



Hamburg port and fish market 2019