



City of Coral Gables
CITY COMMISSION MEETING
September 28, 2022

ITEM TITLE:

A RESOLUTION OF THE CITY COMMISSION OF CORAL GABLES URGING THE UNITED STATES CONGRESS TO ENACT A CARBON BORDER ADJUSTMENT.

BRIEF HISTORY:

Carbon border adjustment legislation would impose a border adjustment on energy intensive imports and would incentivize the decarbonization of domestic manufacturing. Such legislation would likely include energy intensive industries and products like fossil fuels, refined petroleum products, iron and steel, aluminum, glass, and ethanol, and similar goods and products.

American manufacturers are on average less carbon intensive than most of their foreign competitors, for example, the U.S. economy is almost 50 percent less carbon intensive than its trading partners, whereas the Chinese economy is more than three times as carbon intensive as the U.S., and India is almost four times as carbon intensive. A carbon border adjustment mechanism would provide the economic incentive and leverage needed to invest in clean energy, and to encourage other countries to do the same, particularly those that do not have a carbon emissions reduction program analogous to that of the U.S.

U.S. climate policy should reward more efficient U.S. manufacturers and penalize high carbon polluting imports as nearly every U.S. sector enjoys a carbon advantage over most key trading partners. Presently the environmental, health, and social costs of carbon emissions are not included in prices paid for fossil fuels, but rather these externalized costs are borne directly and indirectly by all Americans and global citizens.

In addition to being sound economic policy designed to give American companies a leg up in the global marketplace, a carbon border adjustment would help address climate change and lower carbon emissions around the world. According to conservative estimates, the world's climate scientists state that to achieve climate stabilization and avoid cataclysmic climate change, emission of greenhouse gases (GHGs) must be brought to 80-95% below 1990 levels by 2050. Furthermore, any such policy while necessarily forward-looking must also be timed correctly and take into account market factors such as inflation and supply chain shortages.

The European Union ("EU") adopted a Carbon Border Adjustment Mechanism ("CBAM") which targets imports of carbon-intensive products, in full compliance with international trade rules, to prevent offsetting the EU's greenhouse gas emissions reduction efforts through imports of products manufactured in non-EU countries, where climate change policies are less ambitious than in the European Union. The EU's CBAM will require reporting to begin in 2023 with full implementation in 2027.

The City Commission has taken related legislative action in the past. In February 23, 2021, the City Commission passed Resolution 2021-30, urging Congress to pass the Carbon Dividend Act. The Commission also passed Ordinance 2016-30, establishing the City's "Buy American" procurement preference. The City Commission seeks to build upon its climate advocacy and commitment to reducing carbon emissions by urging Congress to pass a Carbon Border Adjustment.

ATTACHMENT(S):

1. Draft Resolution