



FAIR Transition and Competition Act of 2021

Senator Chris Coons (D-DE) and Representative Scott Peters (D-CA-52)

Protecting jobs, building resilience, and raising international climate ambition

International climate cooperation will be a critical component in reaching net-zero emissions by 2050, and the United States has an opportunity to reframe trade around climate values. Despite the leadership of many U.S. businesses in reducing harmful greenhouse gas emissions, they will be left at a disadvantage as trading partners consider levying carbon-related tariffs on certain goods. The *FAIR Transition and Competition Act of 2021* will establish a border carbon adjustment on carbon-intensive imports to account for the cost incurred by U.S. businesses to comply with laws and regulations limiting greenhouse gas emissions. The border carbon adjustment will raise billions of dollars to support communities as they adapt to increasingly severe weather events and invest in new technologies to eliminate greenhouse gas emissions. The bill also maintains a flexible approach to evolve the policy to achieve climate goals and support U.S. workers.

The *FAIR Transition and Competition Act of 2021* will protect U.S. jobs, reduce reliance on foreign energy sources, and drive climate innovation and resilience here at home by:

Recognizing the cost to U.S. companies to produce cleaner products and comply with U.S. laws and regulations designed to lower greenhouse gas emissions by determining a domestic environmental cost incurred by businesses.

Levying a fee on imported pollution to address carbon leakage that undermines urgent climate action. The import fee will be based on the domestic environmental cost incurred and will initially cover goods that are both carbon-intensive and exposed to trade competition, including aluminum, cement, iron, steel, natural gas, petroleum, and coal. The list of goods covered by the tariff will expand as the United States improves processes for determining the carbon intensity of different types of goods.

Supporting international climate cooperation by encouraging the Secretary of State and United States Trade Representative to engage with trading partners on reducing greenhouse gas emissions.

Funding climate resilience, transition assistance, and emissions reductions technologies through the revenues raised. A new Resilient Communities Grant Program will provide states with resources to equitably assist vulnerable communities with climate resilience efforts. Revenues will also support the development and commercialization of emissions reductions technologies and provide resources to workers and businesses affected by the transition to a low-carbon economy.

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