Press Release

The New Foreign Pollution Fee Act

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With the Foreign Pollution Fee Act (FPF) expected to be reintroduced early in the new Congress, Director of Energy and Environmental Policy Shuting Pomerleau provides an overview of the carbon tariff proposal and its projected revenue, as well as its potential impact on the economy and global emissions.

Key points:

- *In December 2024, Senators Bill Cassidy and Lindsey Graham released a new discussion draft of the 2023 Foreign Pollution Fee Act, which would levy a flat 15-percent carbon tariff on goods imported into the United States across six sectors: aluminum, cement, iron and steel, fertilizer, glass, and hydrogen, with a surtax of 40 percent based on the carbon intensity of these goods.*
- *The tariff would raise an estimated $212.8 billion from 2026–2035; top exporting countries affected by the tariffs would include China, Canada, India, the European Union, and Mexico.*
- *These carbon tariffs would increase production costs for certain industries, lead to the appreciation of the dollar – thus making U.S. exports less competitive – lower gross domestic product by an estimated $16.6 billion by 2035, and have little impact in reducing global emissions.*

Read the analysis