

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

November 29, 2023

President of the United States of America
The White House
Washington, DC 20500

Dear Mr. President,

Climate change is a defining challenge of our time. We applaud your Administration for setting ambitious net-zero targets and for taking bold actions to accelerate our transition to a low-carbon economy. PEC members continue to strive to improve their respective carbon footprints around the world, consistent with the Administration's ambitions. We have a unique opportunity to harness the clean energy transition to enhance U.S. competitiveness, revitalize domestic manufacturing, and advance innovation, as part of accelerating overall global trade in climate technologies and solutions. This transition has also been recognized by the Administration as a crucial component of achieving climate justice, ensuring that the benefits of a clean energy future are shared equitably across all sections of society.

The financial magnitude of the energy transition is immense. The global market for clean technologies, led by renewable energy equipment and electric vehicles, will likely reach \$90 - \$130 trillion between now and 2050.¹ Additionally, expansion of domestic low-carbon clean fuel production can increase U.S. exports of biofuels and e-fuels.² We applaud your Administration's legislative achievements to accelerate the growth of this market, particularly in the Inflation Reduction Act (IRA) and the Infrastructure Investment and Jobs Act (IIJA).

To build on current policies and further strengthen U.S. competitiveness in clean energy sectors, the PEC recommends the following:

Accelerate the Global Climate Transition by Exporting U.S. Sustainable Technologies

The PEC appreciates the work the Administration has done to support clean energy industries in the United States, which to date has focused on U.S. supply chain resiliency and the pathway to net-zero. The PEC recommends that the Administration also give due consideration to the exciting new avenues to grow U.S. exports and support U.S. businesses in overseas markets for clean tech and climate tech, including those pertaining to EVs and battery technologies; emissions reduction and decarbonization (e.g. hydrogen, energy efficiency, and clean low-carbon fuels); carbon capture, utilization, and storage (e.g. point source and direct air capture); energy transition (e.g. energy storage and electrical grid); and climate adaptation (e.g. air and water quality). These technologies can unlock up to 30 gigatons of emissions reductions per year, accounting for approximately 60% of annual global emissions.³

¹ <https://www.bcg.com/publications/2023/gaining-edge-in-clean-tech>

² <https://www.energy.gov/policy/articles/americas-strategy-secure-supply-chain-robust-clean-energy-transition>

³ <https://thirdway.imgix.net/pdfs/override/Two-Paths-to-US-Competitiveness-in-Clean-Technologies-Report.pdf>

Growing sales in markets outside our borders can support domestic economic growth, improve our balance of trade, create high-skilled jobs, and enhance our manufacturing competitiveness. It would also allow the United States to display leadership on climate, by helping allies and like-minded partners, particularly in low- and middle-income countries, on their low-carbon pathways, while encouraging broader domestic adoption in the United States. Recommended actions include:

- Enhance coordination of climate-related programming of U.S. agencies such as the U.S. Trade and Development Agency, the Export-Import Bank of the United States, and the U.S. International Development Finance Corporation, which have fine-tuned their expertise in enabling the export of world-class U.S. products and solutions;
- Designate “Climate and Innovation” attachés in U.S. embassies in key markets to engage with local stakeholders and identify export opportunities for U.S. businesses and remove barriers to the use of digital applications to advance sustainability. IPEF signatory countries, seeking to implement IPEF climate commitments, could serve as attractive first markets to designate these attachés;
- Prevent barriers to trade arising from new circular economy regulations. For example, the European Union is already developing a first-of-its-kind regulation on end-of-life vehicles that will have far-reaching impacts on the global automotive industry. The United States should work closely with the European Union, particularly through the U.S.-EU Trade and Technology Council, to ensure that new barriers to trade are not inadvertently created between allies in this innovative space and to seek harmonization in approaches and skills training in advancing sustainability;
- Advance policies with clear, robust, and consistent market signals to encourage growth of a U.S.-based e-waste recycling industry. Support for EV battery and electronic waste recycling policy addresses both the near-term need for additional critical minerals to support the energy transition and create long-term opportunities to export knowledge, best practices, and goods manufactured with recycled components abroad;
- Leverage the Partnership for Global Infrastructure and Investment in the Group of Seven to enable future U.S. clean technology exports related to overseas infrastructure projects in developing nations. In this context, we note our support for the funding of global infrastructure to develop 100% carbon-free electricity by 2035 through a mix of wind, solar, nuclear, geothermal, biomass, and hydrogen; and
- Consider additional policy measures supporting the export of clean technologies and products, provided they are designed to comply with the United States’ international trade obligations.

Position the United States as a Leader in Infrastructure-related Decarbonization

The Administration's productive actions on climate have focused on the energy transition and clean technology manufacturing. There are tremendous opportunities to also reduce emissions and promote environmental sustainability beyond these sectors.

Foremost, the PEC recommends that the Administration explore further opportunities to reduce carbon emissions in the construction sector. As the world's second most used material behind water, the concrete and cement industry emits roughly 2.6 gigatons of CO₂ per year, accounting for 7-8% of total global CO₂ emissions. In the absence of any further action, emissions are expected to grow by about 38% by 2050, driven by increases in demand, in the application of advanced heating systems, grid infrastructure, and sustainable building materials. Combined U.S. investment across cement decarbonization approaches would need to reach approximately \$5-20 billion cumulatively by 2030 and approximately \$60-120 billion cumulatively by 2050 to achieve liftoff of key technologies. Importantly, there are many levers, including alternative fuels, which actually save money rather than require investment.

The public sector worldwide accounts for 40-60% of concrete sales and 20-30% of construction industry revenues and regulates a large part of the remaining concrete use through building codes and construction rules. The public sector can therefore have a significant influence on reducing global carbon emissions by shifting more rapidly to green procurement policies. The public sector is also responsible for setting standards, such as building codes, that exert a significant impact on de-carbonization.

The PEC recommends that the Administration advance de-carbonization in the construction sector, to include the following:

- Set public procurement targets tied to embodied and operational carbon of infrastructure, and encourage like-minded partners around the world to do the same;
- Explore ways to revise global building codes to encourage decarbonization. For example, such codes could incentivize: the use of decarbonized cement or supplementary cementing materials (SCMs), green steel, alternative fully-approved systems, or other recycled, bio-based materials; the installation of rooftop solar; and the installation of EV charging stations (particularly bidirectional hardware that enables EVs to realize their full potential as grid-assisting resources). U.S. development aid and export financing could develop programming to ensure that regulations in overseas markets act to support these low-carbon solutions and do not disadvantage U.S. exporters who build to U.S. standards;
- Exercise greater leadership on measurement and standards. In particular, the National Institute of Standards and Technology (NIST) has created the Low Carbon Cements and Concretes Consortium to bring together stakeholders to identify and address measurement and standards needs related to low carbon cements and concretes; and
- Consider incentives as well as R&D support for key technologies such as carbon capture, utilization and storage (CCUS).

Support Efforts to Mobilize Climate Finance at Scale to Fully Realize the Opportunities of the Low-Carbon Transition

The PEC lauds the work the Administration is doing to unlock the immense potential of climate finance. Such efforts include landmark legislation in the IRA and IJJA, as well as ongoing initiatives by a variety of U.S. agencies, including the Export-Import Bank of the United States (EXIM). The PEC recommends that the Administration further explore opportunities to mobilize financing, to include the following:

- Leverage existing programs to promote exports by small and medium-sized businesses, such as EXIM's export credit insurance and loan guarantee programs, by placing a greater focus on the exportation of technologies that support the low-carbon transition;
- Develop a more expansive definition of environmental products and services eligible for policy incentives; and
- Swiftly issue implementation guidance for the IRA's clean energy tax incentives to maximize private sector investment in the clean energy sector.

Ensure Robust and Meaningful Implementation of the IPEF Clean Economy Pillar

The PEC appreciates the work the Administration has done to make Clean Economy a pillar of a major international trade agreement. As the agreement approaches the implementation phase, the PEC recommends that the Administration give due priority to the following:

- Fully leverage public-private partnerships across the various IPEF signatory countries in priority sectors. We appreciate U.S. negotiators for including the private sector in the proposed text for the Clean Economy pillar. The key now is to move expeditiously to identify specific projects and initiatives that can truly enhance cooperation on R&D, manufacturing, and deployment of clean technology, in line with world-class practices and standards; and
- Ensure that trading partner commitments are adequately monitored and enforced to level the playing field for U.S. businesses, particularly with respect to the laws and regulations of IPEF signatory countries that directly impact U.S. market access in clean technology sectors.

Elevate the Role of the World Trade Organization in Addressing Climate-related Trade Issues

The PEC recognizes the work the Administration's trade negotiators continue to do at the WTO ahead of the 13th Ministerial Conference in February 2024. The organization, through both its negotiation and dispute settlement functions, remains an important venue for the U.S. to exercise global leadership, level the playing field for U.S. businesses, and promote global peace and stability. Potential opportunities to further enhance efforts at the WTO include the following:

- Negotiate an Environmental Goods and Services Agreement to lower barriers to U.S. exports of clean technologies. Efforts have been made in the past to negotiate such an agreement, but there is renewed urgency now as governments around the world seek to address the climate crisis. The plurilateral Information Technology Agreement can serve as a blueprint for a successful plurilateral agreement. The Agreement should encompass a broad range of clean technologies to maximize benefits for U.S. exporters;
- Agree on common principles with WTO members from key markets on topics such as carbon footprint calculation and subsidy principles to prevent unnecessary barriers to U.S. clean technology exports and to provide opportunities for other countries to build their climate manufacturing capabilities in order to encourage a more robust global trade; and
- Reinvigorate the negotiating function of the WTO. In particular, the PEC sees an opportunity to elevate the role of the Committee on Trade and Environment as a venue to address climate-related trade policy issues. The Administration should work proactively to seek U.S. private sector input on priorities to address in this Committee.

Recognize the Role of Digital Technologies to Achieve Real Sustainability Progress

Digital technologies can reduce greenhouse gas emissions by up to 20% in the highest-emitting sectors by 2050: energy, mobility, and materials, according to the World Economic Forum. To achieve decarbonization, entities need to leverage technology to gain transparency in their emissions, including within the supply chain. Organizations should be encouraged to track carbon emissions, using digital technology across an organization, including by following the materials, processes, recyclability of products throughout the supply chain, and to leverage these digital technologies to accelerate emissions reductions.

Ensure a Just Energy Transition

The energy transition deeply impacts a variety of communities. We've seen this firsthand here at home. Abroad, U.S. international development agencies should work with partner countries, imparting what we've learned from our experience of transitioning industries to help partners develop effective transition roadmaps.

Effective community engagement and just transition practices have proven to be instrumental in fostering sustainable development and ensuring equitable outcomes within domestic contexts. By analyzing successful domestic examples, we can identify key elements and principles that can be adapted into effective just transition practices elsewhere. Key strategies include:

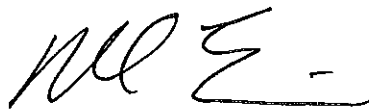
- Identification of common challenges: Start by identifying the specific challenges faced by communities & countries abroad, such as economic disparities, resource depletion, and social inequality. Domestic community engagement strategies can serve as a baseline for addressing these shared concerns.

- Inclusive and participatory approaches: Adapt the inclusive and participatory frameworks utilized domestically to ensure the active inclusion of all stakeholders in decision-making processes. This promotes a sense of ownership and builds trust, leading to more successful just transitions;
- Capacity-building and knowledge sharing: Share domestic experiences and expertise through capacity-building initiatives, enabling local communities to develop their own solutions. Encourage international cooperation and knowledge sharing to empower countries in navigating their unique challenges;
- Policy integration and institutional support: Emphasize policy integration and institutional support in international just transition efforts. Adapt domestically proven policies and legislation to accommodate the specific contexts of countries abroad; and
- Tailored solutions: Recognize the disadvantages and complexities of each community and country, further acknowledging that a one-size-fits-all approach may not be appropriate. Adapting domestic strategies to suit local cultural, social, and economic realities, thereby empowering communities and tailoring solutions to their specific needs.

By providing inclusive approaches, capacity-building initiatives, policy integration, and tailored solutions, we can foster sustainable development and social justice on an international scale. Such global leadership in turn will enable U.S. companies to better assist disadvantaged communities in countries around the world.

The Council appreciates your Administration's work in these areas to date and urges you to elevate them further by adopting the recommendations set forth in this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Ein', with a stylized flourish at the end.

Mark Ein