

**U.S. Department of Commerce**  
**Renewable Energy and Energy Efficiency Advisory Committee**  
Charter 7, 2022-2024 ● Recommendation Fact Sheet

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**Recommendation 2 (Approved November 30, 2023) on Carbon Label for Energy Intensive Manufacturing**

We recommend that the Secretary help advance a program to label the carbon content on products involving energy intensive manufacturing, that would make such products more competitive and boost market potential for the U.S. energy efficiency industry worldwide, as well as help the United States meet its commitments to reduce carbon emissions through subsequent application of measuring the carbon content of such products.

**Sub-Committee(s):** Export Competitiveness

**Background Information:**

Labeling the carbon content in products is becoming an increasingly important issue as the world focuses on reducing greenhouse gas emissions and combating climate change. The carbon content of a product refers to the amount of carbon that is released during its production, transportation, and use over its lifetime. This includes the emissions generated by the energy used in the manufacturing process, as well as the carbon footprint of the raw materials used.

There are several reasons why labeling carbon content in products is important. First, it allows consumers to make more informed decisions about the products they buy and to choose more environmentally friendly options. Second, it helps companies to understand how they compare to competition and reduce their carbon footprint, which can lead to cost savings and improved sustainability. Finally, it can help governments to regulate and incentivize lower-carbon production practices.

Overall, a comprehensive approach to implementing carbon labeling for products should involve collaboration with stakeholders, the development of standards and guidelines, a certification process, public awareness campaigns, international coordination, and incentives for participation. By implementing such a program, the United States can promote sustainability and help address the global challenge of climate change, measuring the success of a carbon labeling program in all products requires a comprehensive approach that incorporates both quantitative and qualitative measures. By tracking progress using these metrics, policymakers and stakeholders can evaluate the effectiveness of the program and identify areas for improvement.

**Expected Effect on U.S. Export Competitiveness**

Labeling the carbon content in the products can provide competitive advantages for the US renewable energy and energy efficiency industry in several ways:

- *Increased Demand for Renewable Energy Systems:* Labeling the carbon content of all products can help raise awareness about the carbon footprint of various products and

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encourage the industry and consumers to make more environmentally conscious choices. This can, in turn, help drive demand for low-carbon products and services, including renewable energy.

- *Improved Energy Efficiency:* Labeling the carbon content of a given product can also incentivize businesses to improve energy efficiency across the supply chain, which can improve the efficient use of renewable energy used and hence reduce a product's energy consumption and costs and create demand for renewable energy sources such as solar, wind, and geothermal.
- *Increasing market share:* As more industry and consumers become aware of the carbon content of products, demand for low-carbon products is likely to increase. U.S. businesses that can demonstrate the carbon content of their products may have a competitive advantage in the global marketplace and increase their market share.
- *Enhanced Export Opportunities:* The United States is a leading producer of renewable energy technologies, and labeling the carbon content in the products can help U.S. companies gain access to new markets and compete with other countries. By demonstrating their commitment to sustainability and providing transparency about their carbon footprint, U.S. renewable energy companies can differentiate themselves from competitors and appeal to environmentally conscious consumers worldwide.
- *Job Creation:* Transitioning to a low-carbon economy can create new job opportunities in the renewable energy industry, such as in manufacturing, installation, and maintenance of renewable energy technologies. demand for low-carbon products and services, can create new job opportunities.
- *Reduced Regulatory Barriers:* Labeling the carbon content of all products can help reduce regulatory barriers for renewable energy companies by providing transparency, promoting fair competition and open and sustainable trade practices, ultimately contributing to economic growth and job creation.
- *Provide Incentives for Participation:* Incentives should be provided to businesses to encourage their participation in the carbon labeling program. This could involve tax credits, grants, or other forms of financial support. and impose higher tariffs on imported products that contain more carbon content than local products.

Overall, labeling the carbon content of the products can provide competitive advantages for the renewable energy industry in the United States by creating demand for renewable energy, improving energy efficiency, enhancing export opportunities, creating new job opportunities, and reducing regulatory barriers.

**Specific Agencies Responsible for Implementation:**

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U.S. Department of Commerce, Treasury Department, Environmental Protection Agency (EPA), and Department of Energy.

**Measures of Success:**

Conduct a Study to establish standards: A study should be conducted to establish carbon content measurement standards and to evaluate the potential costs and benefits of implementing carbon labeling for all products. This study should assess the technical requirements, the costs associated with implementing the labeling system, and the potential impacts on businesses and consumers. The study would consider the following:

- **Scope:** The scoping study should consider the costs and benefits of aligning covered products with those included under the EU carbon border adjustment mechanism (CBAM), specifically, placing first efforts to examine those industries subject to the current CBAM: cement, iron, steel, aluminum, fertilizers, electricity and hydrogen.
- **Develop Standards and Guidelines:** Standards, methodology, and guidelines should be developed for carbon labeling, including methods for measuring and reporting carbon emissions. This should involve collaboration with stakeholders such as businesses, consumers, and environmental organizations.
- **Establish a Certification Process:** A certification process should be established to verify the accuracy of carbon labeling and ensure that products meet the necessary standards. This could involve a third-party certification process or a government-led program.
- **Implement a Public Awareness Campaign:** A public awareness campaign should be launched to educate consumers and businesses about the benefits of carbon labeling and the importance of reducing carbon emissions. This could involve advertising, social media, and public events.
- **Coordinate with International Partners:** The United States should coordinate with international partners, including international organizations, to establish a common approach to carbon labeling and promote global adoption of the labeling system.