

Carbon Pricing Workstream 2015

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Contents

Section 1: Overview	2
Section 2: Existing text, proposed text and text ideas	3
Section 3: Participant Contributions	9

Section 1

Overview

Principles

An effective carbon pricing agreement will follow these five principles:

- A steady, resolute and rising carbon price.
- Internalizing costs incrementally, steadily and with no leakage.
- Simple, transparent, effective at reducing emissions.
- Building economic value at the human scale.
- Easy to implement: country by country, harmonizing across borders.

Language to be introduced into the Bonn Negotiating Text (key terms, concepts or principles):

- "Economic instrument" (vs. "market mechanism")
- "Carbon tax" or "carbon fee" (or other relevant and specific phrasing)
- Tax or fee "assessed" or "charged" "upstream" "at the point of extraction" or "at the source of extraction", etc.
- "Harmonizing (or harmonize) across borders" or "border adjustment" (or other relevant specific phrasing)
- Carbon price must "rise" "steadily" "resolutely" and "with increasing ambition"
- Should "prevent leakage"
- Should be "simple, transparent, effective at reducing emissions"
- Should "build economic value at the human scale"
 - Allocation of revenues should directly benefit society at the human scale
 - Allocation of revenues should meet the needs of populations in mitigating, preparing for and adapting to the impacts of climate change
 - Allocation of revenues should support equitable and climate resilient economic development

Do these phrases have value in the text as is?

- Environmentally effective
- Economically efficient
- Socially equitable[JS:is this term used anywhere else in the document? Do we have to define it?]

What kind of push-back do you think these might receive? If any.

Section 2

Workshopping Text

P 18, Item 39, Option 4, Section 39.1-3

Option 4: An economic mechanism is hereby **defined**.

39.1. The purpose of the economic mechanism shall be to facilitate the fulfilment of NDCs by Parties with quantified economy-wide absolute targets for the mitigation component and to incentivize developing country Parties to take on such targets over time;

39.2. The economic mechanism shall be comprised of:

- a. An emissions trading system (ETS); **and/or**
- b. **A carbon tax or fee variation; and**
- c. An enhanced Clean Development Mechanism (CDM-plus).

39.3.

- a. Under the ETS, Parties with quantified economy-wide absolute targets for the mitigation component of their NDC may participate, on a voluntary basis, in the ETS for the purpose of fulfilling their respective NDC. Any such trading shall be supplemental to domestic actions for the purpose of meeting their targets;
- b. **Under a carbon tax or fee variation, countries using cf&t instruments can harmonize these fees through border tax adjustment.**

P 16, Item 39, Option 1, i-iv

Option 1: In meeting their commitments [/ contributions / actions], Parties may make use of market mechanisms [and actions][, including] [in the land-use sector] in accordance with [X][the provisions on transparency of action and support as contained in section I, in particular in order to ensure environmental integrity and avoid double counting][accounting rules developed by the governing body][the rules and provisions adopted by the governing body of this Protocol in order to ensure environmental integrity] [by ensuring that:

- I. **Transfers** of mitigation outcomes or units between Parties can be used to meet their contributions/commitments/actions under the new agreement;
- II. Parties will[JS: shall] apply border adjustments [JS: as required by the agreement]
- III. **Units** emanating from UNFCCC-approved mechanisms, including REDD-plus mechanisms, will be transferrable and can be used to meet contributions/commitments/actions of Parties under the new agreement;
- IV. Mitigation outcomes and units emanating from mechanisms outside the UNFCCC can be used to meet contributions/commitments/actions of Parties under the new agreement provided that they meet conformity requirements established by the COP].

P 16, Item 39, Option 1, Section 39.1, a-h

39.1. The use of ~~market~~ **economic** mechanisms is to:

- A. Mobilize the widest range of potential investments for [adaptation and] mitigation;
- B. Create incentives for early action;
- C. Incentivize and coordinate effective mitigation [and adaptation] actions [including those with co-benefits for adaptation] from the broadest range of actors, including the private sector, to support the implementation of this agreement;
- D. Ensure consistency with individual commitments / contributions;
- E. [Be in accordance with the provisions on transparent accounting as contained in section I (*Transparency of action and support*), in particular to avoid double counting;]
- F. [Contribute to the sustainable development of the host country;]
- G. [Generate resources through a levy to enhance climate-resilient investment in developing countries;]
- H. [Supplement domestic action].

39.2. [The use of market mechanisms shall be supplementary to domestic action] [and a cap will apply to ensure that mitigation commitments are the main domestic actions.]] [Domestic action shall account for the majority of the emission reductions required to fulfil each Party's commitment.]

Hone-Harvard-IETA “Straw Man” Proposal

Cooperation between parties in realizing their contributions.

1. Parties may voluntarily cooperate in achieving their mitigation contributions [which may improve cost effectiveness and unified ambition]
2. A unified international transfer system is hereby established.
 - a. A Party through private and/or public entities may transfer portions of its nationally determined contribution to one or more other Parties through carbon units of its choice.
 - b. Transfers and receipts of units shall be recorded in equivalent carbon reduction terms. (in the international transaction log and be included in national reports as contributions delivered by the receiving Party and as transfers from the transferring Party.)

Paris Intervention Adaptation of Hone-Harvard-IETA “Straw Man” Proposal

Cooperation between Parties in realizing their Contributions.

1. Parties may voluntarily cooperate in achieving their mitigation contributions [which may improve cost effectiveness and unified ambition]
2. Where most efficient, most effective, and most immediately, a unified international transfer system is hereby established.
 - a. A Party through private and/or public entities may transfer portions of its nationally determined contribution to one or more other Parties through carbon units of its choice.
 - b. Transfers and receipts of units shall be recorded in equivalent carbon reduction terms. (in the international transaction log and be included in national reports as contributions delivered by the receiving Party and as transfers from the transferring Party.)
3. Where most efficient, most effective, and most immediately implementable, a carbon tax variation [or, *fee variation, assessment, etc.*] is hereby established according to the following principles.
 - a. Steady, resolute and rising.
 - b. Internalizing costs incrementally, steadily and with no leakage.
 - c. Simple, transparent, effective at reducing emissions.
 - d. Building economic value at the human scale.
 - e. Most immediately implementable. [*Do we need to define immediately? Either quantitatively or qualitatively?*]
 - f. Harmonize across borders. [Do we need to indicate BTA?]
4. Where most efficient, effective, and immediately implementable, a Party may implement carbon pricing mechanisms that meet the above conditions in 2a-b and 3a-f.

Brainstorming Text

Paris Intervention Option

What if there was an Option that...

- Laid out the general intent and principles of the concept of carbon pricing as a mitigation instrument
- Clearly define ETS as a “market mechanism”, its elements, and how it meets intent and principles
- Clearly define Carbon Tax or Fee variations as “economic instruments” or “economic mechanisms”, its elements, and how it meets intent and principles

Option could be structured as such:

- Mitigation intent of Carbon Pricing
- Principles for Carbon Pricing
- Economic instruments (mechanisms)
 - ETS is herein defined as a market mechanism and...
 - Carbon tax is herein defined as economic mechanism and...

Section 3

Participant Contributions

Mary Selkirk, 5/8/15: **Strawman new Option**

New Option preamble: A wide consensus of economists and energy industry leaders agree that **establishing a consistent price on carbon** is the simplest, most effective, efficient and transparent means to create the foundation for development decarbonized energy economies worldwide. Currently, close to 40 countries and 26 sub-national jurisdictions have already implemented carbon pricing programs. Participating countries and sub-national economies account for 22 percent of global emissions and their current carbon pricing programs cover 12 percent of total global emissions.

Carbon pricing establishes the framework for both market and economic mechanisms to achieve decarbonization across Parties.

An effective **carbon pricing agreement** will follow these five **guiding principles**:

1. A steady, predictable, resolute and rising carbon price.
2. Internalizing costs incrementally, steadily and with no leakage
3. Simple, transparent and effective at rapidly reducing emissions
4. Builds direct economic value within and across Parties through direct investment or dividend to local economies
5. Easy to implement rapidly, country by country, easy to harmonize across border.

Carbon pricing is most effectively established and implemented through domestic carbon fee or tax variant mechanisms.

[adapted from UN text, Section 39.1]:

Effective economic mechanisms:

- a. Mobilize the widest range of potential investments for [adaptation and] mitigation;
- b. Create incentives for early action;
- c. Incentivize and coordinate effective mitigation [and adaptation] actions [including those with co-benefits for adaptation] from the broadest range of actors, including the private sector, to support the implementation of this agreement;
- d. Ensure consistency with individual commitments / contributions;
- e. [Be in accordance with the provisions on transparent accounting as contained in section I (*Transparency of action and support*), in particular to avoid double counting;]
- f. [Contribute to the sustainable development of the host country;]
- g. [Generate resources through a levy to enhance climate-resilient investment in developing countries;]
- h. [Supplement domestic action].

adapted from Hone-Harvard-IETA strawman:

Where most efficient, most effective, and most immediately, a unified **international transfer system** is hereby established.

A Party through private and/or public entities may transfer portions of its nationally determined contribution to one or more other Parties through carbon units of its choice.

Parties will apply border adjustments to incentivize steady predictable and equitable transfers across Parties.

adapted from UN Text, Section 39 Option 1 i-iv:

Transfers of mitigation outcomes or units between Parties can be used to meet their contributions/commitments/actions under the new agreement;

Units emanating from UNFCCC-approved mechanisms, including REDD-plus mechanisms, will be transferrable and can be used to meet contributions/commitments/actions of Parties under the new agreement;

Mitigation outcomes and units emanating from mechanisms outside the UNFCCC can be used to meet contributions/commitments/actions of Parties under the new agreement provided that they meet conformity requirements established by the COP].

Units emanating from UNFCCC-approved mechanisms, including REDD-plus mechanisms, will be transferrable and can be used to meet contributions/commitments/actions of Parties under the new agreement;

Mitigation outcomes and units emanating from mechanisms outside the UNFCCC can be used to meet contributions/commitments/actions of Parties under the new agreement provided that they meet conformity requirements established by the COP].

These include carbon reduction unit equivalencies established for Parties who utilize carbon fee or taxation within their respective domestic economies.

Transfers and receipts of units shall be recorded in equivalent carbon reduction terms. (in the international transaction log and be included in national reports as contributions delivered by the receiving Party and as transfers from the transferring Party.]

Carbon reduction units will include agreed on determination of equivalencies for Parties who adopt a carbon fee program and apply their contributions within the global emissions reduction program.

Border adjustments will be determined based on the same equivalent carbon reduction units.

End of Mary's suggestions, May 8, 2015.

JOHN HANSEN CONTRIBUTIONS 05212015

Paris Intervention Option X Draft 05212015

Goal:

Three (3) Versions (technical/narrative):

1. Long
2. Medium
3. Short

Tasks to be completed:

Complete sections 39.3 and 39.4

Review filters:

- Performative language
- Anchor language
- Precedents (insert)
- Stakeholder perspectives
- Clarity of content
- Simplicity of content
- Sectional intent and integrity
- Total Option intent and integrity
- Agreement context
- Market, economic, policy, regulatory instrument and mechanism language clarification
- Business and Investment perspectives
- Positive v negative (biased) language and framing

GENERAL OUTLINE:

39.1 Intent of Carbon Pricing

39.2 Principles for Carbon Pricing

39.3 Instruments to Implement Carbon Pricing

- a. A Carbon Fee is herein defined as an economic instrument [or “market mechanism,” “economic mechanism”] and...
- b. ETS is herein defined as an economic instrument [or “market mechanism,” “economic mechanism”] and...

39.4 Harmonization

- a. Principles
- b. Implementation

39.5 Revenues

- a. Principles
- b. Implementation

39.6 Technical Assistance

INCLUSIVE VERSION (Option may be structured as such):

39.0 Carbon pricing is hereby established as an evolving set of mechanisms to enable and support Parties in fulfilling the mitigation component of their NDCs, reduce aggregate carbon emissions and limit the global average temperature rise to below 1.5 °C *[include 350 ppm metric, or other type]* consistent with the IPCC assessment. NDCs are not complete unless they include [some component(s) of] carbon pricing.

39.1 The intent of carbon pricing is hereby established:

- a. to reduce aggregate carbon emissions and limit the global average temperature increase to below 1.5 °C *[include 350 ppm metric, or other type]* consistent with the IPCC assessment;
- b. to enable, support and facilitate the fulfillment of NDCs by Parties with quantified economy-wide absolute targets for their mitigation component;
- c. to incentivize developing country Parties to take on such targets over time [incentivize voluntary participation];
- d. incentivize and accelerate investment into clean energy, energy efficiency, sustainable industries and infrastructure;
- e. to support countries in preparing for decarbonization and a clean energy economy;
- f. to internalize externalized social costs;
- g. to support co-benefits across all areas of this agreement and enable mitigation and adaptations solutions, technology transfer and capacity building;
- h. [PJ: increasing ambition, urgency, rapid [As rapidly as reasonably achievable.]]
- i. *[JR? intended macro economic impacts - CIRF]*

[Option 1:

The use of market mechanisms shall be supplementary *[See Harvard p, 28]* to economic mechanisms and domestic action] *[[JS:and a cap or fee (add here?or below)]* will apply to ensure that mitigation commitments are the main domestic actions.]] [Domestic action shall account for the majority of the emission reductions required to fulfill each Party's commitment.]

The use of market-based and policy-based economic mechanisms is to:

- a. Mobilize the widest range of potential investments for [adaptation and] mitigation;

- b. Create incentives for early action;
- c. Incentivize and coordinate effective mitigation [and adaptation] actions [including those with co-benefits for adaptation] from the broadest range of actors, including the private sector, to support the implementation of this agreement;
- d. Ensure consistency with individual commitments / contributions;
- e. [Be in accordance with the provisions on transparent accounting as contained in section I (*Transparency of action and support*), in particular to avoid double counting;]
- f. [Contribute to the sustainable development of the host country;]
- g. [Generate resources through a levy to enhance climate-resilient investment in developing countries;]
- h. [Supplement domestic action].[\[See Harvard p, 28\]](#)

39.2 Principles for Carbon Pricing

[Where does this go?] Parties may voluntarily cooperate in achieving their mitigation contributions [which may improve cost effectiveness and unified ambition]; Parties should align domestic policies with the principles of economically efficiency and environmental integrity to prevent incentives that are contrary or contradict the goals of emissions reductions, transparency, *[ensure incentives that meet the goals of emissions reductions and transparency]*

Effective carbon pricing instruments will follow these principles:

- a. effective at reducing emissions;
- b. economically efficient [cost-effective, not cost-avoidant] [allocate resources efficiently and effectively toward achieving the goals of this agreement];
- c. support economic and market correction
- d. simple and transparent in design, implementation, administration and accounting;
- e. should motivate voluntary participation;
- f. should be based on the quantity standard [value] of tons of carbon dioxide [CO₂] or carbon dioxide equivalent [tCO₂e];
- g. support the environmental integrity of the mitigation outcomes and ensure that they are real, permanent, additional and verified;
- h. Internalize costs incrementally;
- i. Prevent economic and emissions leakage, competitive distortions and perverse or contrary incentives [such as fossil fuel [contrary] subsidies];
- j. implemented at the national, sub-national and regional levels;
- k. harmonize across borders and between regions and link between systems, instruments and jurisdictions;
- l. must be reviewed regularly and respond to developments in climate science and global progress in achieving emissions reduction targets;
- m. emissions reductions must be quantifiable and verifiable [including the translation of intensity or technology standards into quantity standards]

- n. transparent monitoring, reporting and verification (MRV) and accounting
- o. Build economic value at the human scale;
- p. Should *[be consistent with the Sustainable Development Goals (SDG) and [See Jim Sandoe Note below; Harvard p, 28]]* support inclusive economic growth and amelioration of inequality;
- q. *[Should engage and encourage the participation of civil society as stakeholders;]*
- r. *[Should send a clear price signal to governments, business and investment that supports smooth transition to a low-carbon economy [progressively decarbonized] [decarbonization] [new energy economy];]*
- s. The carbon price must:
 - i. be steady and resolute [consistent]
 - ii. rise predictably and with increasing ambition [appropriate to meeting global mitigation targets] [responsive to need] *[until no longer a need for a price increase; or naturally sunsets: concern over opponents perception of unending]*
 - iii. ~~[naturally sunsetting (?)]~~ stabilizing (?)*[does this translate into legal language]*
 - iv. avoid price shocks and reduce volatility
 - v. *[Joe's 5 methods of pricing carbon]*

39.3 Instruments for the implementation of carbon pricing are herein established and defined.

[? may include market-based, policy-based and other economic instruments and mechanisms that mitigate carbon emissions, achieve decarbonization targets, and incentivize investment into cleaner options and industries across Parties.]

- a. A Carbon Fee is herein established as an **economic** instrument and defined as:
 - i. A fee or tax or other such price assessment and collection per ton of emissions or emissions equivalent assessed on a carbon fuel resource; [JS: I don't know that we can bring the fee to livestock and other animal sources, unless we can measure the by-product.]
 - ii. may be applied at various points throughout an economy, but is most effective, efficient and impactful when assessed and collected at the point of extraction, before the resource enters the economy [supply chain];
 - iii. policy-based, with economy-wide [and market] impact; [may have a regulatory component;]
 - iv. a voluntary domestic action [that engages market mechanisms].
 - v. Parties with quantified economy-wide absolute targets for the mitigation component of their NDC may develop and use carbon fees [taxes] as a primary domestic action for the purpose of reducing emissions and emissions equivalents and fulfilling their respective NDC.
 - vi. Revenues shall be efficiently and effectively used for the best and highest purpose(s) and in accordance with the economic and environmental intentions of this document.

- b. Emissions Trading System (ETS) is herein established as a **market** instrument and defined as:
 - i. A system of setting caps (limits) on carbon emissions, creating allowances (permits) per ton of emissions which can then be bought, sold or traded between emitters;
 - ii. permits are created at the point of emission, downstream after the emissions have already entered the economy and the environment; *[JH NOTE: Harmonize with a.ii. above]* [permits may be created and applied at various point in the value chain...]
 - iii. regulatory-based, with sector specific market impacts
 - iv. a voluntary market action [that engages economic mechanisms.] *[JH: is this accurate?]*
 - v. Parties with quantified economy-wide absolute targets for the mitigation component of their NDC may participate in the ETS for the purpose of fulfilling their respective NDC.
 - vi. ETS shall be **supplemental** *[See Harvard p, 28]* to domestic action for the purpose of meeting emissions reduction targets
 - vii. Revenues shall be efficiently and effectively used for the best and highest purpose(s) and in accordance with the economic and environmental intentions of this document.
- 1.
- c. Address hybrids
- d. Effective application of instruments in country context:
 - i. Parties should consider their admin, econ, capacity when deciding the most economically efficient and environmentally effective ...
 - ii. Should attempt to work through existing infrastructure and systems

[From Hone-Harvard-IETA:

- 1. In order to meet the principle of harmonization through ETS, a unified international transfer system is hereby established.
 - 1. A Party through private and/or public entities may transfer portions of its nationally determined contribution to one or more other Parties through carbon units of its choice.
 - 2. Transfers and receipts of units shall be recorded in equivalent carbon reduction terms. [in the international transaction log and be included in national reports as contributions delivered by the receiving Party and as transfers from the transferring Party.]]

39.4 Harmonization is hereby established and defined as the linking and harmonization of carbon prices and carbon pricing instruments and mechanisms across borders, regions, jurisdictions, sectors and systems over time.

- a. Principles of Harmonization:

- i. Harmonization should be easy to implement and economically efficient [cost-effective]
 - ii. Parties may set target dates or timeline[s] to achieve levels of harmonization from partial to complete
 - iii. International rules for harmonization should evolve over time with experience
- b. Harmonization shall:
 - i. Support Parties in fulfilling their NDCs
 - ii. Include standards for transparency and accountability in monitoring, measuring, reporting and verifying emissions, emissions data and cross border and jurisdictional flows of permits;
 - iii. Protect from fraud, manipulation, corruption, abusive practices and systemic risk;
 - iv. Avoid distributional disparities and ensure domestic emissions abatement;
 - v. Prevent allowance holders from abusing price disparities, influencing or manipulating the market or creating barriers to entry;
 - vi. Prevent economic and emissions leakage;
 - vii. Prevent competitive, economic and market distortions and perverse or contrary incentives (such as fossil fuel energy subsidies);
 - viii. Avoid double accounting;
 - ix. Include common [uniform] definitions of values and terms;
 - x. Use emissions values based on the quantity standard of tons of carbon dioxide equivalent (tCO₂e);
 - xi. Ensure the environmental integrity of offsets;
 - xii. Incentivize increasing emissions reduction ambition across jurisdictions;
 - xiii. Comply with [domestic and] international financial regulations and trade and tariff rules and policies.
- c. Parties will work toward *[How can we make this more immediate? Established? Performative? Timelines?]*:
 - i. A robust international framework and governance for harmonization and linkage, verifying, certifying and tracking emissions and allowances, coordination among Parties and firms [companies], technical assistance and capacity building, et al.[JS: who will do the satellite tracking? Who will they report to? What are the penalties?]
 - ii. Increasing [DK bilateral or] multilateral linkage of homogeneous and heterogeneous systems
 - iii. Ambitious and effective complete harmonization of price across countries, regions, systems and jurisdictions
 - iv. A common electronic transaction registry, trading platform and rules for approving and measuring offsets
 - v. Limiting and reducing price differences in the short- and near-term to a narrow range around an environmentally effective central price that increases gradually in response to quantitative mitigation goals
- d. For the purpose of capacity building and with the intent of future direct linkage and harmonization with a common institutional registry, Parties may initiate informal [indirect]

linkage by degrees over time that support sharing knowledge and experience, adopting successful design principles and elements, developing complementary but ambitious pricing, reducing duplicative administrative costs, streamlining rules and procedures, [include existing and evolving trade agreements], et al.

- e. Carbon pricing instruments may link and harmonize through the enhanced Clean Development Mechanism (CDM-plus)[, Joint Implementation (?)] [or other compliant crediting systems].
- f. Harmonization across Carbon Fee or Tax systems:
 - i. To prevent carbon leakage across borders, to ensure that the domestic goods of countries enacting carbon pricing policies remain competitive both domestically and internationally and to provide an additional incentive for international adoption of carbon fees, carbon-fee-equivalent tariffs shall be charged for goods entering carbon pricing countries from countries without comparable carbon fees or other instruments. Tariffs [, or fees,] are based on the embodied emissions of imported products and emissions-intensive processes. Carbon-fee-equivalent rebates shall be used to reduce the price of exports to non-pricing countries and to ensure that goods from pricing countries remain competitive in non-pricing countries. Rebate amounts and exemptions, if any, shall be determined internally [domestically].
 - ii. Border adjustments may include both product-based and process-based adjustments.
 - a. Product-based adjustments shall be taxed at domestic-equivalent levels;
 - b. Process-based adjustments shall account for the additional CO₂ emissions and emissions equivalents generated from energy and emissions-intensive production processes [(like tar-sands)] that exceed the energy and emissions levels of conventional production processes [(like domestic oil)]. [How are “conventional” vs. “emissions-intensive” determined?]
 - iii. To comply with the World Trade Organization (WTO) and Article XX of the General Agreement on Tariffs and Trade (‘GATT’):
 - a. Border adjustments must treat domestic and international goods equally and not discriminate imports as against domestic products (National Treatment);
 - b. Border adjustments must treat all nations equally and not discriminate some imports against others (Most Favored Nation Treatment); [SS: ...and not discriminate between imports from different nations]
 - c. International imports must be [should be] treated as if they were produced nationally. [JS: Does this set different border adjustments for different countries? Each country will have a different cost structure for home grown goods.]
 - iv. If the border adjustment may not be permitted for process-based domestic carbon tax [, regulation or cap-and-trade systems] imposed on producers, and/or such border adjustment would be found to be discriminatory, the resulting GATT

violation may still be justified by the environmental exceptions in GATT Article XX (Section 6). Such justification should consider whether the carbon tax, emission allowance requirement or other regulation on imports is applied on a variable scale that takes account of local conditions in foreign countries, including their own efforts to fight global warming and the level of economic development in developing countries. [What would this mean in practice? What would the cash and carbon flows look like? Would it meet the intent of carbon pricing – to reduce emissions and correct the economy?]

- v. To ensure competitiveness, revenues collected from border tax adjustments may be used for rebates to businesses [firms] [companies] that export goods from countries with carbon pricing instruments to countries with no or insufficient pricing instruments.
- vi. Border adjustments will not apply to offset trading. [Is this necessary, or incendiary?] [NOTE: (Harvard, page 26) applied to selling offsets [permits?] ? BTA applied to selling of offsets should not be not allowed? Negative incentive?]

===END===

[SIMPLIFIED OPTION for 39.4 f:

1. Harmonization across Carbon Fee or Tax systems:
 - a. Border adjustments must be applied fairly, equally and comply with World Trade Organization rules
 - b. Border adjustments will not apply to offset trading [NOTE: (Harvard, page 26) applied to selling offsets? BTA applied to selling of offsets should not be not allowed? Negative incentive?]

From Jim Sandoe:

As per our discussion today, here's a list of the U.N. SDG's for 2016 to 2030:

1. End extreme poverty, including hunger.
2. Achieve economic development within planetary boundaries.
3. Ensure affect learning for all children and for youth for their lives and their livelihoods.
4. Achieve gender equality, social inclusion and human rights for all.
5. Achieve health and wellbeing at all ages.
6. Improve agricultural systems and raise rural productivity.
7. Empower inclusive, productive and resilient cities.
8. Curb human-induced climate change and ensure sustainable energy.
9. Secure ecosystem services and biodiversity and ensure good management of water and other natural resources.
10. Transform governance for sustainable development.

Ok course #8 applies, but also; hunger & agriculture, resilient cities, water and sustainable development. A case can be made that all of these concerns could be tied to decarbonizing the global economy and a carbon tax is part of that solution.