

December 19, 2025

Building Support for Carbon Fee, Dividend and Border Adjustment Mechanism:

A Three-Year Plan

CFD Policy Recommendation

CCL embraced our foundational Carbon Fee, Dividend and Carbon Border Adjustment Mechanism (CFD) policy, knowing that it would require years of commitment to build political will. Throughout CCL's history, we have sustained efforts to increase the salience of CFD policy in preparation for windows of opportunity. We have remained committed to those efforts during periods in which CFD policy was not viewed as "feasible" or "safe" for many Members of Congress. We believe that these efforts must continue at home despite the current political environment, and that CCL should work abroad toward a goal of establishing an international Climate Club of nations via a common CBAM and carbon fee.

This policy recommendation reflects the current reality of global emissions: 61% (and rising) come from 21 emerging economies compared to 28% from developed economies, including 11% from the United States. If we want to address climate change at the scale of the problem, then our policy impact must be global in scope.

The good news is that CFD policy is compatible with the three factors that will likely define the policy landscape in the United States for the next three years: affordability, trade, and budget deficits and national debt. The household dividend addresses affordability for most low- and middle-income households. A CBAM would bring order and legality to U.S. tariff chaos while supporting innovative U.S. industries in carbon-intensive sectors. Finally, a domestic carbon fee would be budget neutral.

CFD policy is also more likely to address climate change effectively at the international level than alternative approaches, including the voluntary Paris Agreement. Subsidy approaches (like the Inflation Reduction Act) are likely to be less feasible in emerging economies (and even in the United States) due to a lack of funds. CFD, by comparison, would leverage the economic power of global trade and dovetail with the CBAMs being implemented by many of our key trading partners.

In short, given the unlikely prospect of major climate legislation in the United States over the next three years, CCL should focus on building support for CFD policy as a catalyst for the formation of an international Climate Club of nations when the opportunity arises.

CCL Policy Agenda

Based on this policy recommendation, we believe that CCL should restore the primacy of the CFD in its policy education program while continuing to lobby for ancillary policies (e.g., healthy forests, permitting reform, electrification) over the next three years as warranted. In addition, CCL should identify pathways to establishing an international Climate Club through CFD policy and support relevant policy initiatives to that end.

Implementation Strategies

Build support for CFD policy among (1) key decision makers, (2) trusted messengers (NGOs, media and academia), and (3) key emerging economies.

If Members of Congress and their staffers don't hear from advocates of CFD, their knowledge and support will erode over time. In addition, too many pro-climate media, academics and NGOs are unsympathetic to the CFD policy and could derail its chances in a future administration. Lastly, CCL's international program needs to be revived and reconfigured to increase the salience of CFD policy in key emerging economies.

Objectives

Build informal support for CFD for 2028-2029 among selected decision makers, media, academics and NGOs (to be ready for a sympathetic Congress and Executive Branch).

Actions to Achieve Objectives

- Engage key decision makers and trusted messengers to address their CFD misconceptions.
- Gain one of three results: cessation of public opposition; passive endorsement; or active support for 2028-2029.
- Build understanding and informal support among Congressional members and staff for CFD (not any particular legislation) over three years aimed at 2029 legislation.
- Identify critics among academia, NGOs, private sector; assess criticisms and develop responses.
- Build relationships with critics via direct meetings, analytical exchanges, ZOOM and social media.
- Develop low-cost programs for major emerging economies to build CCL chapters for advocacy on CBAM and carbon fee/dividend.
- Survey volunteer experience and skills for complementing CCL staff capabilities and activities.

Voluntary carbon offset policies

We also urge CCL to avoid expressing support for voluntary carbon offset policies, and to consider opposing such policies, where appropriate. Such policies are inherently flawed and have been marked by significant failures to date.

Thank you for your consideration.

Respectfully,

Steering Committees of Marin and Santa Rosa CCL Chapters

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