



# The PROVE IT Act S. 1863

by Sens. Chris Coons (D-DE) and Kevin Cramer (R-ND)<sup>1</sup>

## **A BILL TO “PROVE” THAT U.S. INDUSTRY PRODUCES CLEANER PRODUCTS THAN OUR FOREIGN COMPETITORS.**

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### **1. What does the bill do?**

The PROVE IT Act directs the Department of Energy (DOE), in coordination with the National Labs, to conduct a study to compare the greenhouse gas emissions intensity of certain covered products produced in the United States to the emissions of those same goods produced in certain foreign countries, like China. The bill covers 22 products, such as steel, aluminum, cement, crude oil, fertilizer, and natural gas. The bill instructs DOE to do the study in two years, submit a report to Congress, and update the average carbon intensity of product classes every five years.<sup>2</sup>

### **2. Why is the bill needed? And how does it help U.S. manufacturers?**

Starting in 2026, the European Union (EU) will impose a carbon tax on certain imported goods. The United Kingdom (UK) will follow the EU a year later. Independent studies indicate that U.S. production is more than 40% more carbon efficient than the world average. But, without an official federal dataset proving this efficiency, American producers will be subjected to EU and UK calculations, which can be designed to favor their industries over U.S. industry. This bill gives U.S. officials the ability to defend and promote U.S. commercial interests when foreign governments move to impose import taxes on the U.S. that are based on inaccurate data. The PROVE IT Act also provides comparative data that will highlight the superior environmental performance of domestic production.

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<sup>1</sup> Bill cosponsors: Sens. Cramer (R-ND), King (I-ME), Murkowski (R-AK) Heinrich (D-NM), Graham (R-SC), Whitehouse (D-RI), Cassidy (R-LA), Hickenlooper (D-CO), Boozman (R-AR) and Durbin (D-IL).

<sup>2</sup> Under the legislation, the 22 covered products include: aluminum, articles of aluminum, articles of cement, articles of iron and steel, articles of plastic, cement, crude oil, fertilizer, glass, hydrogen, iron and steel, lithium-ion batteries, natural gas, petrochemicals, plastics, pulp and paper, refined strategic and critical minerals, refined petroleum products, solar cells and panels, uranium, and wind turbines.

### 3. Will this bill lead to a U.S. domestic carbon tax/price?

**NO.** The PROVE IT Act contains no domestic regulations. Instead, it is designed to guard against taxes imposed by the EU and the UK on U.S. industry. Plus, the product level emission data in this study is NOT the same data needed to implement a carbon tax, which would use upstream data that is already collected by the government. The PROVE IT Act will collect product-level data that can be used to support domestic industry in international trade.

### 4. How will the bill impact the U.S. versus our adversaries, such as China and Russia?

China emits more pollution than all other developed nations combined. Goods manufactured in the U.S. are 40% more carbon-efficient than the world average and more than 3X more carbon-efficient than that of China. American industry is already a global leader. The U.S. needs to produce its own data to ensure U.S. products are not unfairly treated in global markets and to enable American industry to capitalize on its carbon efficiency.

### 5. Will the bill pressure China, Russia, and India to dramatically reduce emissions?

No, not directly. However, it will provide transparency on which countries are actual leaders in reducing emissions. It will also promote free and fair trade between the U.S. and countries that are similarly situated.

### 6. Does the bill impose a costly, unfunded mandate?

No. A lot of this data is already collected domestically but is not used to calculate product level emission intensities, which is needed for trade purposes. Domestic manufacturers can opt in to provide more granular data if they choose. The new data collected will largely be on foreign production. The PROVE IT Act also allows U.S. manufacturers to be in the driver seat on methodology and calculations for their product's carbon intensity rather than being reliant on the complex methods implemented by the EU and the UK.

### 7. Who supports the bill?

Supporters of the PROVE IT Act include: Independent Petroleum Association of America, American Petroleum Institute, American Iron and Steel Institute, U.S. Chamber of Commerce, Steel Manufacturers Association, American Conservation Coalition, Climate Leadership Council, **Bipartisan Policy Center Action**, MIT Center for Energy and Environmental Policy Research, Citizens for Responsible Energy Solutions, Progressive Policy Institute, Third Way, and the Center for Climate and Energy Solutions (C2ES).

### American Carbon Advantage Compared to Key Competitors

	U.S.	China	Russia	India
Mining & Extraction of energy	1.0	2.2	2.2	5.9
Mining Support Services	1.0	5.2	4.2	2.5
Wood and products of wood	1.0	1.3	2.9	3.7
Chemicals & pharmaceuticals	1.0	2.6	5.5	2.1
Rubber & Plastics	1.0	2.7	2.9	2.1
Fabricated metal products	1.0	3.1	4.8	6.1
Computer, electronics	1.0	5.7	7.4	8.0
Machinery and equipment	1.0	2.8	4.5	4.0
Motor vehicles	1.0	2.4	3.6	3.9
Other transport equipment	1.0	2.8	3.2	3.5

Climate Leadership Council. (2020). AMERICA'S CARBON ADVANTAGE.

<https://clcouncil.org/reports/americas-carbon-advantage.pdf>