



Written by on March 17, 2009

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## **China Wants Importers to Pay Its Carbon Tax**

At the Washington meeting, Li suggested that the huge segment of its manufacturing destined for export be exempted from any successor to the Kyoto Accord that might be agreed on in Copenhagen. "These products are consumed by other countries.... This share of emissions should be taken by the consumers but not the producers," Li was quoted by BBC news.

The Chinese government estimates that 15-25 percent of its carbon emissions are created by manufacturing goods for export. By some logic that perhaps is not apparent to the occidental mind, the Chinese argue that the so-called rich nations buying Chinese goods should pay an equivalent percentage of any carbon taxes that might be levied on China as a result of an international protocol.

"It is a very important item to make a fair agreement," said Li. "We are at the low end of the production line for the global economy. We produce products and these products are consumed by other countries, especially the developed countries.

BBC reported that Li was critical of U.S. proposals to place carbon tariffs on goods imported from countries like China that do not take steps to limit so-called greenhouse gases. The mass media and some academics have zealously promoted the theory that those gasses are responsible for rises in global temperatures.

"If developed countries set a barrier in the name of climate change for trade, I think it is a disaster," said Li.

EU climate negotiator Artur Runge-Metzger told the BBC that nations importing goods from China would only agree to take responsibility for their carbon emissions if they were also given "jurisdiction and legislative powers in order to control and limit those [emissions]," something he predicted China would be unwilling to hand over.

A report in BusinessGreen.com cited a recent study by Oslo's Centre for International Climate and Environmental Research stating that China may now be the world's largest emitter of carbon dioxide, and that approximately one-third of its emissions are the result of manufacturing goods for export.

Speaking last week at an event hosted by the Worldwatch Institute, Senator Sherrod Brown (D-Ohio) said that protections were needed to ensure that U.S. manufacturers are not put at a disadvantage as a result of a cap-and-trade scheme that puts a price on carbon. "If a US company — say a steel mill in Ohio — if their cost goes up dramatically for cutting carbon, it's one more reason to think they're not going to be competitive," said Brown. "We need some guarantee that my state will not be overwhelmed by the costs [of a climate-change bill]."

The Chinese proposal to have importers pay China's share of a carbon tax imposed upon the manufacturing giant by a new version of Kyoto may be one of the most audacious marketing ploys since mail-order catalogers started adding "shipping and handling" charges to products that effectively double the cost of the merchandise! Considering that the United States is the largest importer of Chinese goods (\$162.9 billion dollars' worth in 2005), if our government were so foolish as to accept such a proposal, it would only add insult to the injury of our present trade policies that favor Chinese manufacturers over our own.

It is quite likely, however, that even Li does not expect the United States and other Western governments to take the proposal seriously. With Chinese goods already undercutting most other nations' in price, it would be relatively easy for China to bury the cost of a carbon tax or emission



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reductions in the cost of its exports, while still remaining competitive. Its main purpose may have been to soften up U.S. resistance to implementing its own cap-and-trade scheme.

Shinsuke Sugiyama, Japan's chief negotiator at the Washington conference, said that Japan, which is struggling to meet its own obligations under the Kyoto treaty, was waiting for Washington and Beijing to join the club before agreeing to further restrictions.

"Japan will not repeat Kyoto," Sugiyama said. "At Kyoto we were not able to involve the biggest emitters in the world by now - and that means the United States of America and China."

Stringent emissions controls are among the many restrictions placed by our government on our own industries that have put U.S. factories out of business and sent manufacturing jobs to China. As Senator Brown observed, the lack of similar restrictions in China has put U.S. manufacturers at a competitive disadvantage. This disadvantage would be increased if the United States became party to a successor to Kyoto that placed fewer demands on China than it did on the United States.

The senator's objection, however, misses several important points regarding such climate treaties. Among them:

- Demands for climate treaties are all based on the still-unproven theory that climate change is anthropogenic — that is, caused by human activities. Many climatologists believe that fluctuations in global temperatures have always taken place, as part of the natural cycle of the planet.
- The U.S. Constitution does not even give our federal government the authority to regulate manufacturing conditions, much less delegate that authority via the treaty process to international bodies.
- While our manufacturing polices should be left to our states, respecting their sovereignty, our trade policies should be determined by our own government, and our government alone. International trade and climate compacts and protocols are a sure way to diminish our national sovereignty, as the nations of the European Union have discovered.



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