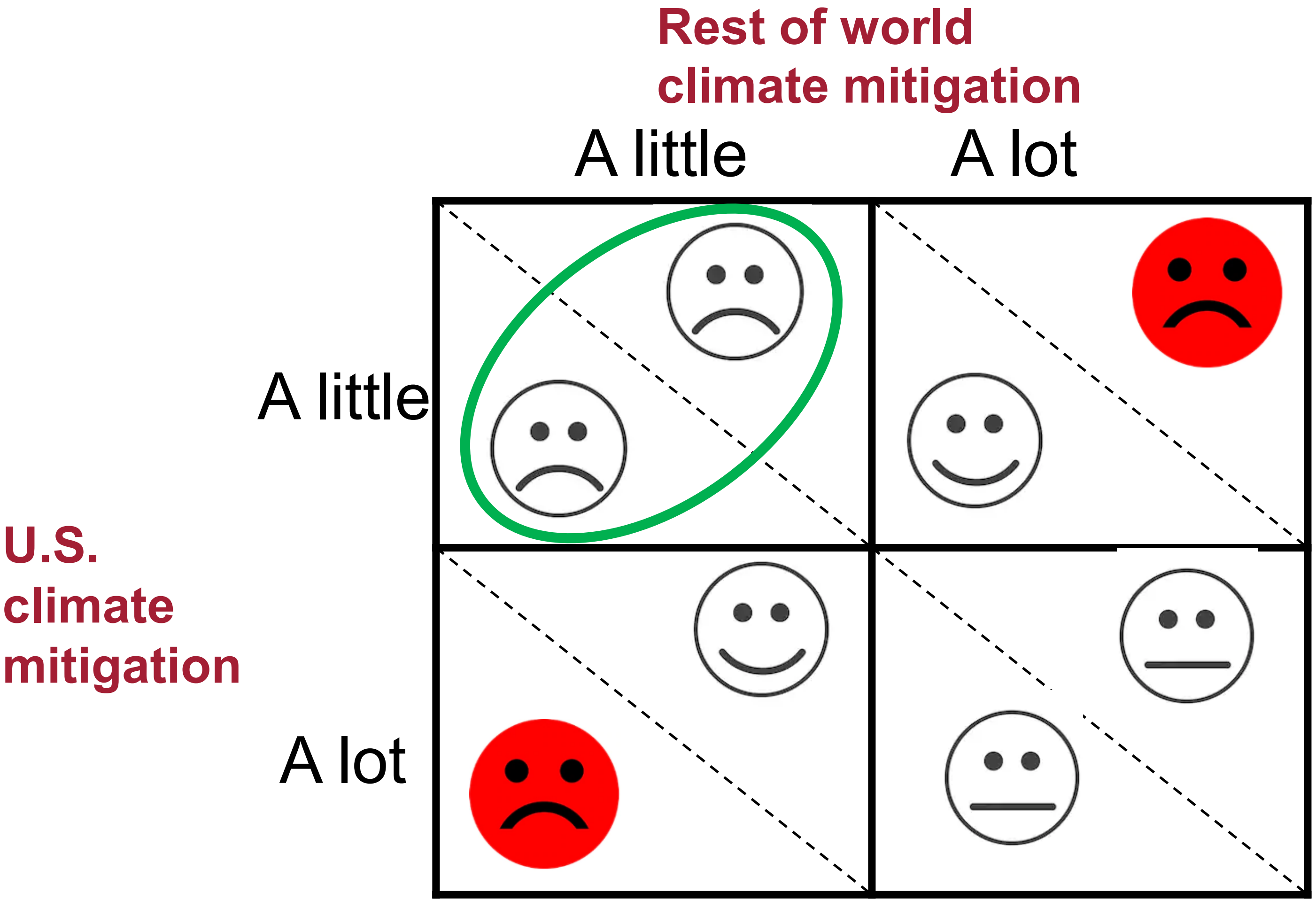
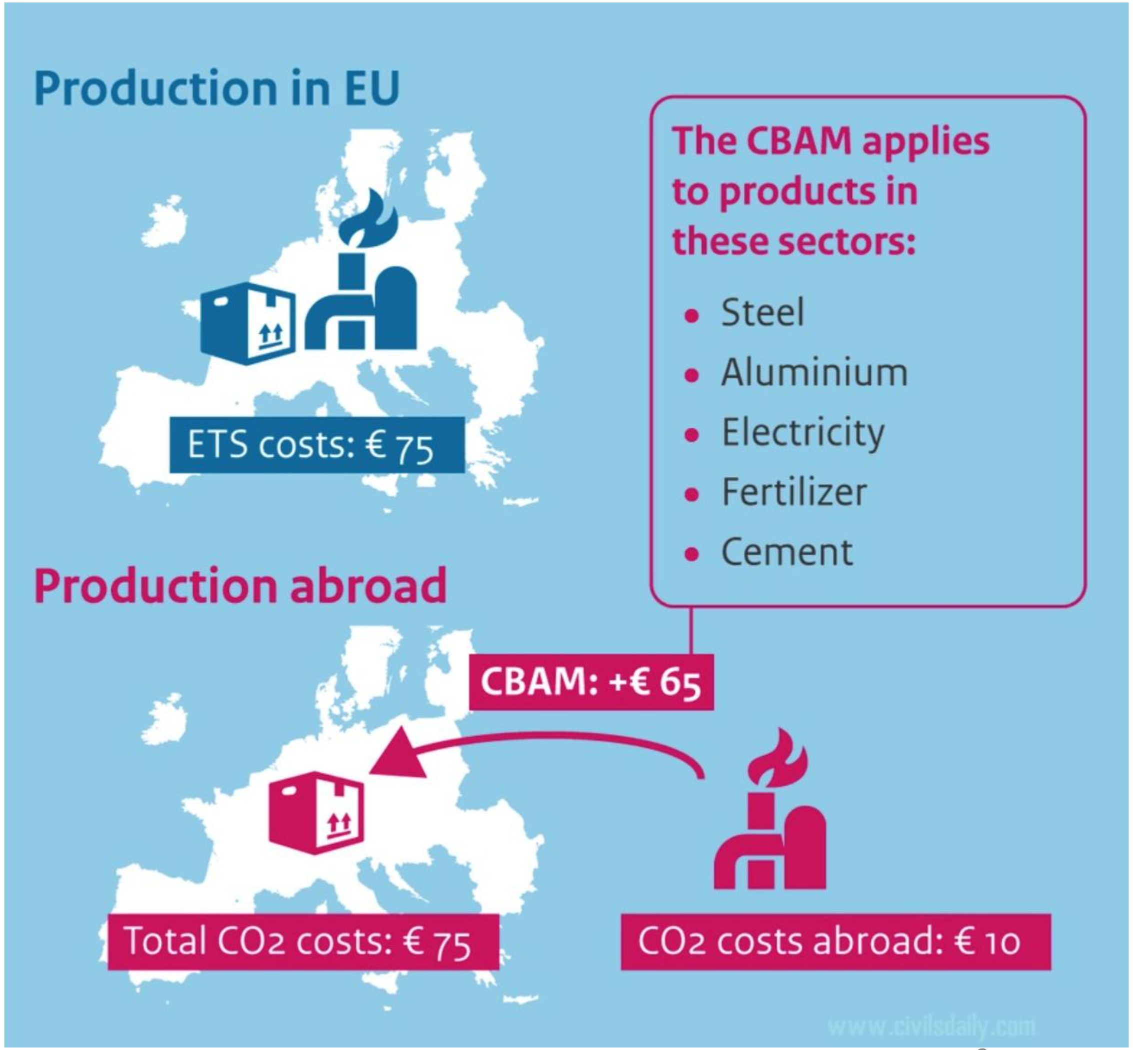
How We Might Get to Global Carbon Pricing

Catherine Wolfram (MIT)

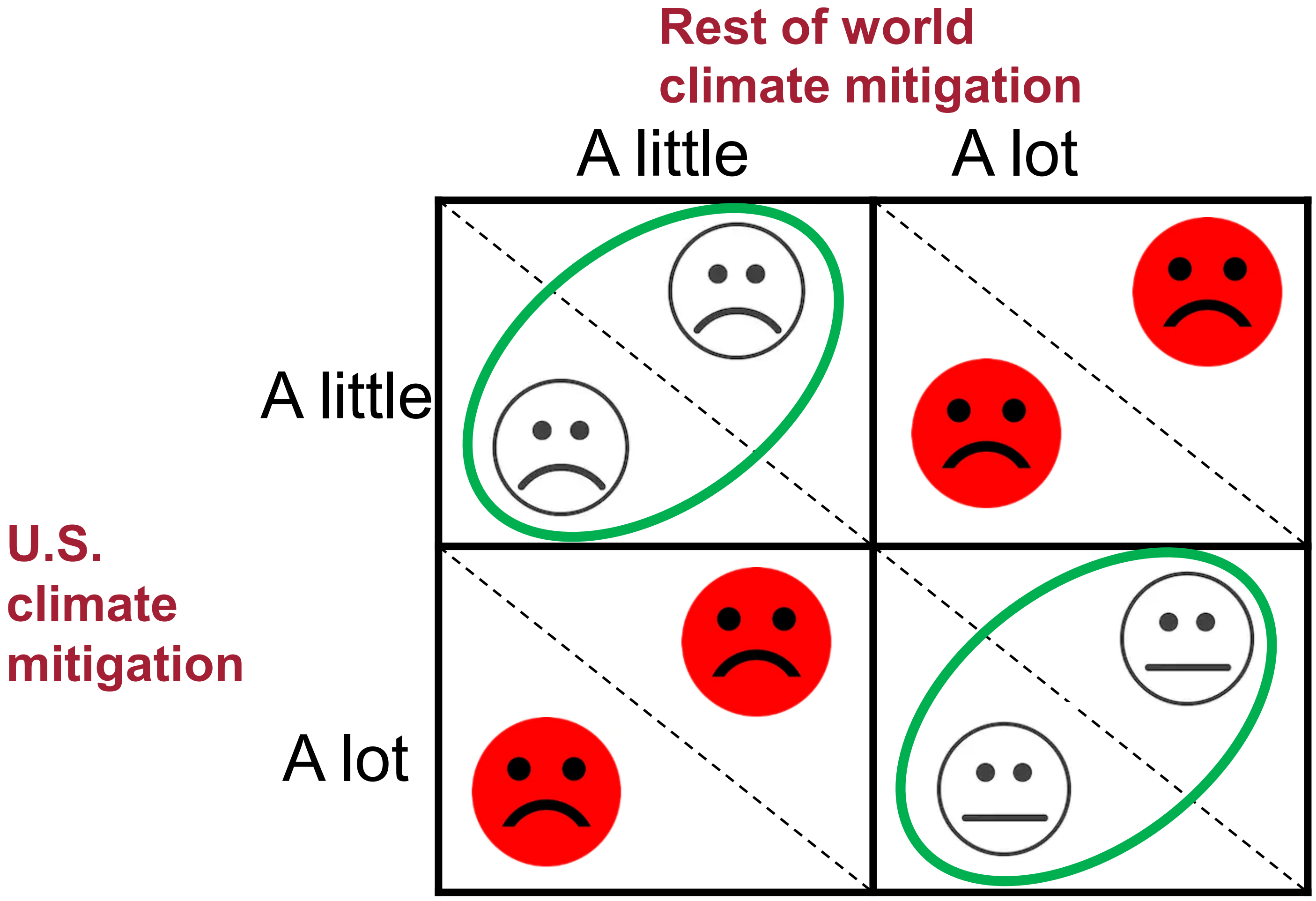
Climate change: Prisoner's Dilemma



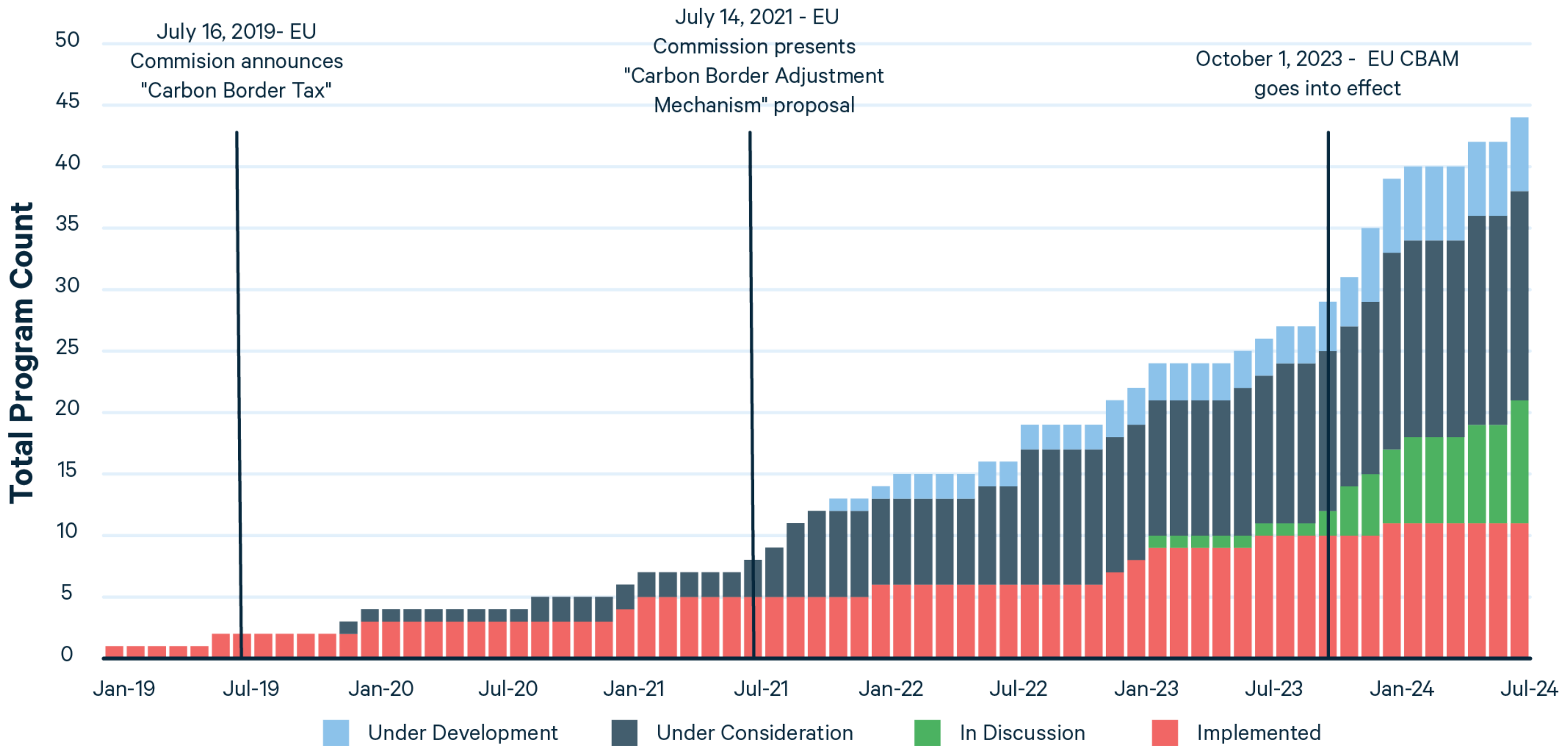
Enter the Carbon Border Adjustment Mechanism (CBAM)



With CBAM – cooperation can work!!



Policy action on carbon pricing is accelerating



RFF

More encouraging developments

Bloomberg

Live TV Markets Economics Industries Tech Politics Businessweek Opinion More

Green

UK and EU Agree to Link Carbon Markets in Post-Brexit Reset

By John Ainger and Eamon Farhat

May 18, 2025 at 11:24 PM PDT

Updated on May 19, 2025 at 4:00 AM PDT

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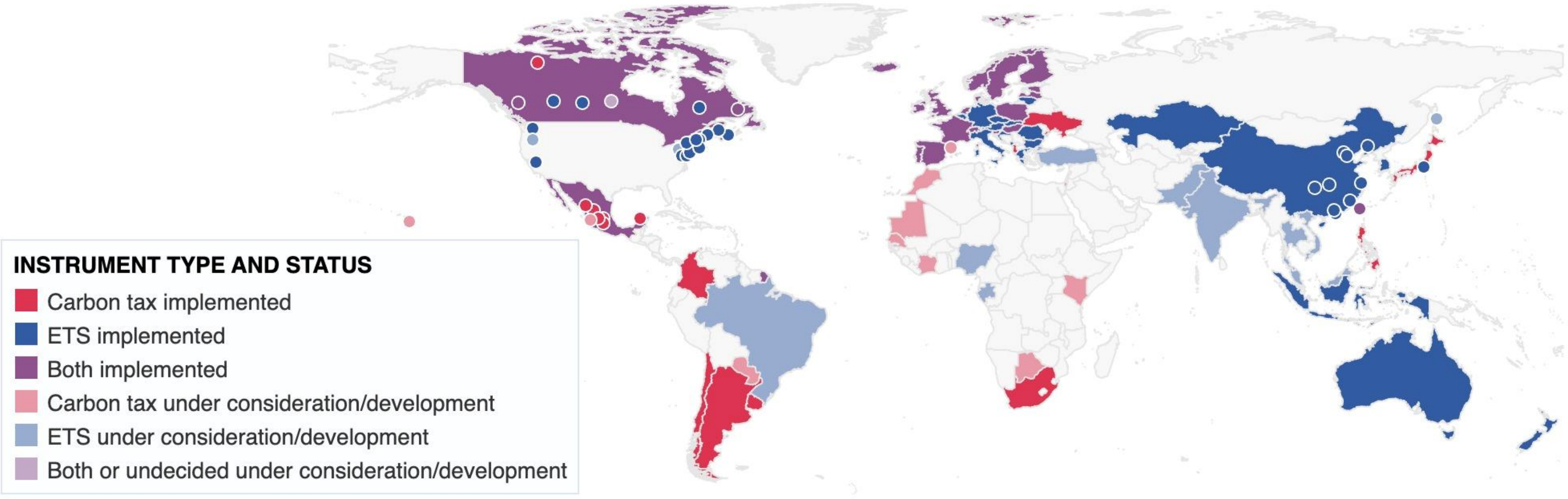
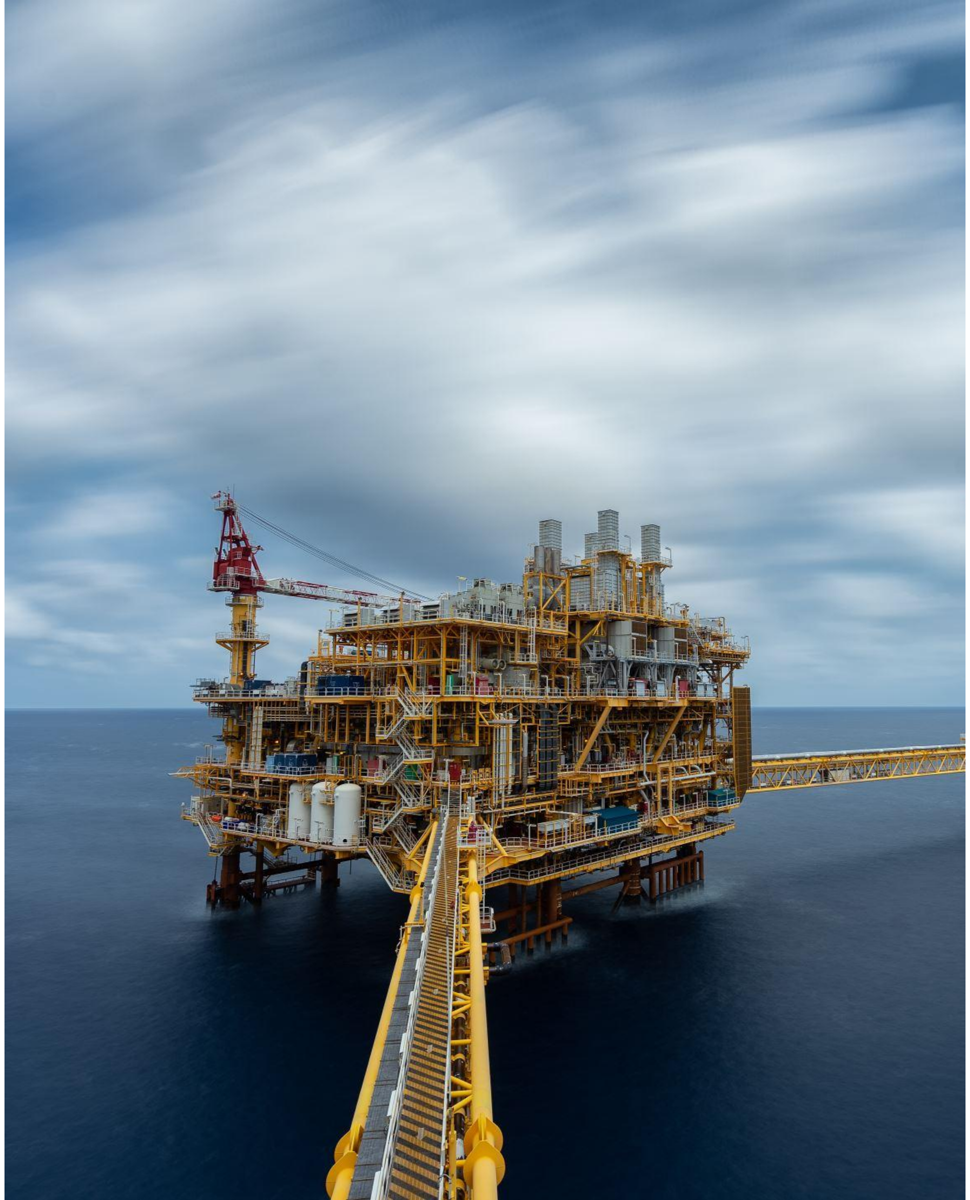
U.S. climate politics were already challenging

Compliance carbon pricing instruments around the world, 2024

Map shows jurisdictions with carbon taxes or emissions trading systems implemented, under development or under consideration, subject to any filters applied in the table below the map. The year can be adjusted using the slider below the map.





Why might carbon pricing be particularly challenging in the US?

- Largest oil and gas producer in the world
- Money plays a large role in politics
- Polarization means centrist policies are out of favor
- Reserve currency means less fiscal discipline

FOREIGN AFFAIRS

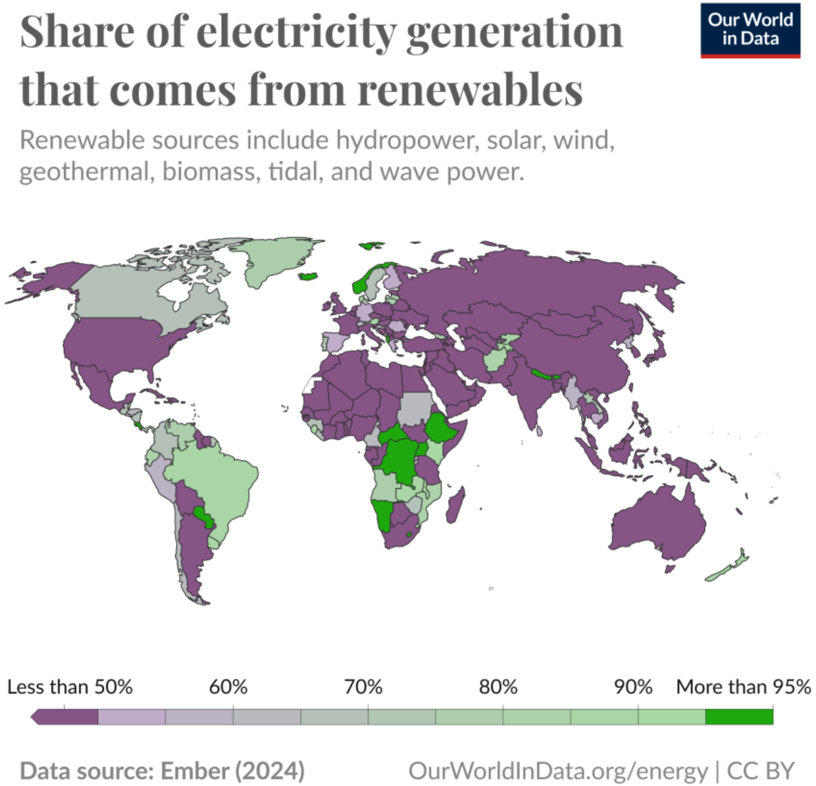
Petrostate America

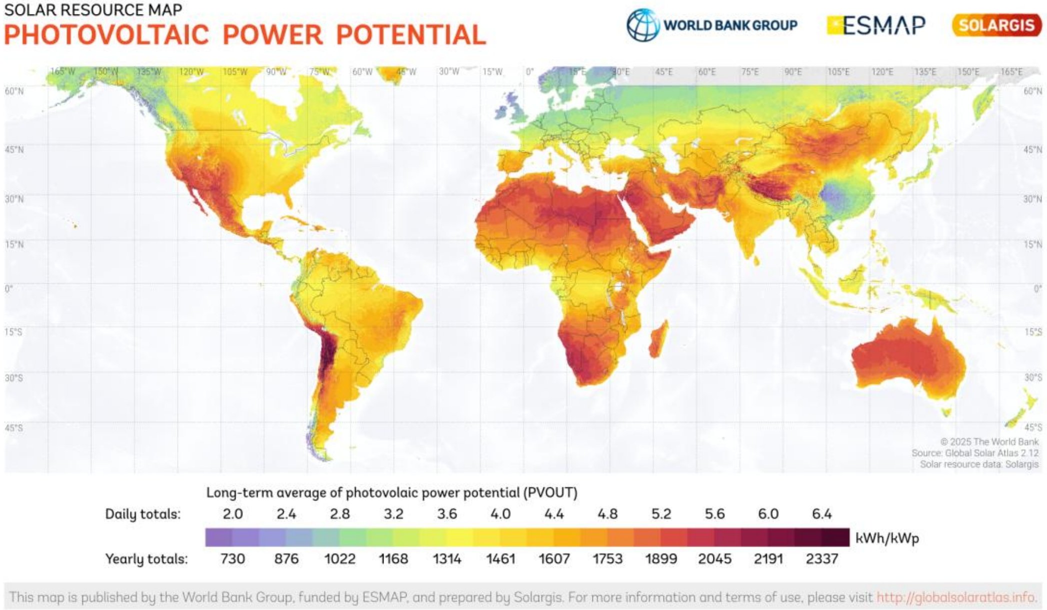
The Downsides of Energy Independence

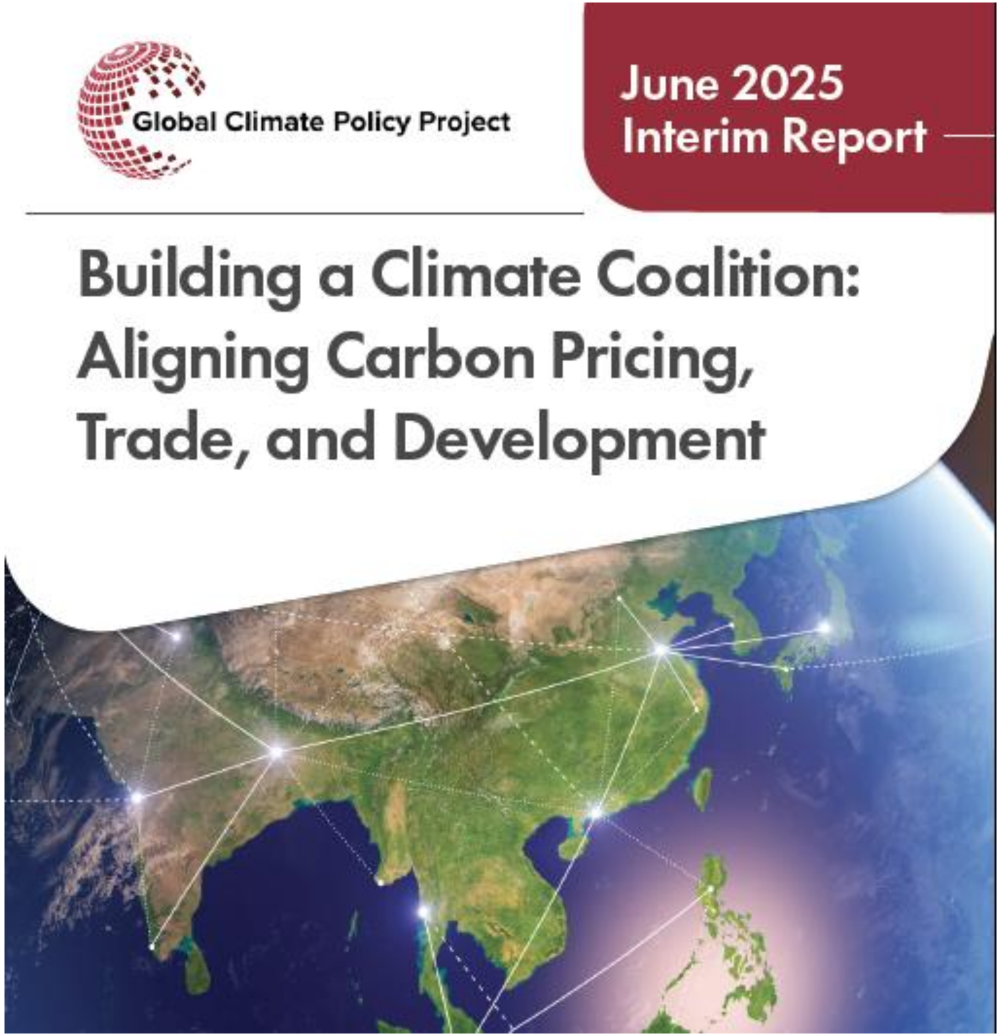
MICHAEL L. ROSS AND ERIK VOETEN

June 12, 2025

Much of Africa has low-carbon electricity, both existing and potential






Global Climate Policy Project

June 2025
Interim Report

Building a Climate Coalition:
Aligning Carbon Pricing,
Trade, and Development

Initially targeting heavy industries

Table 1. Industries initially targeted under a climate coalition are heavily traded and emissions-intensive.

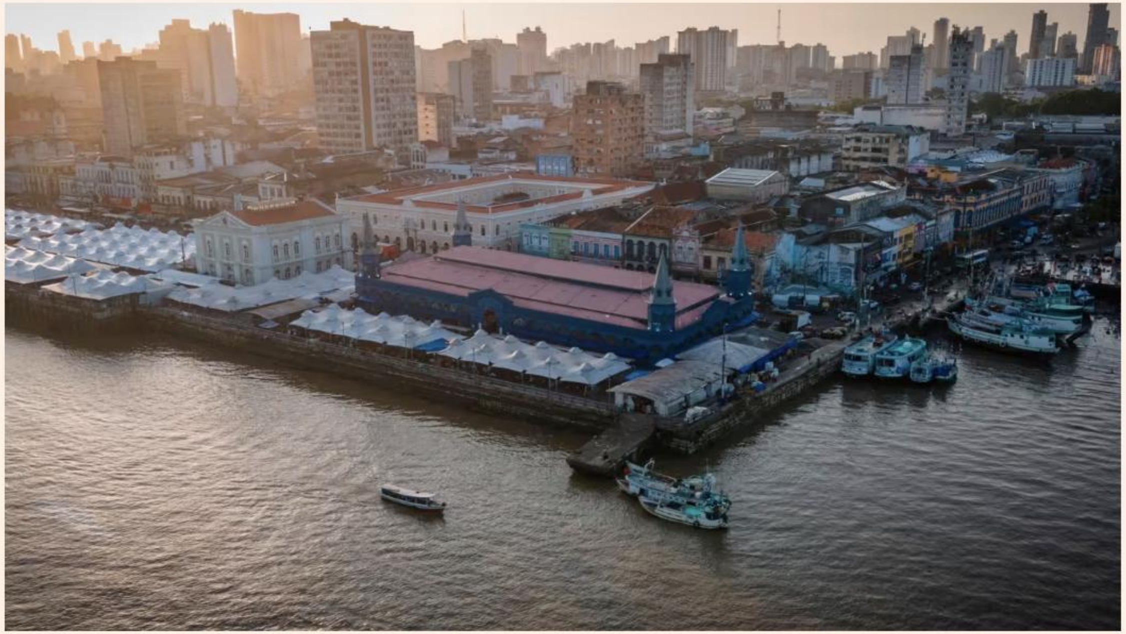
Industry	Industry share of global trade (%)	Annual value traded (1B USD)	Share of production that is exported (%)	Share of global CO_2 emissions (%)
Steel	3.5	839	23	10
Aluminum	1.0	253	41	2
Cement	0.1	17	2	8
Fertilizers	0.5	131	60	1

- Over 80% of emissions are already covered by a carbon price!

Moral Money **Carbon trading** + Add to myFT

Talk of a global carbon pricing scheme grows louder ahead of COP30

Brazil wants to use the presidency to push for an international framework



The Amazonian city of Belém which will host COP30 © AFP via Getty Images

Concluding thoughts

- Countries have much to gain from coordinating carbon pricing approaches
- A world that prices carbon is a world that can drive clean growth in Africa through industrial electrification
- The EU CBAM has been a crucial catalyst for widespread action on carbon pricing

Thank you!

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