THE FOREIGN POLLUTION FEE ACT

A Pro-Manufacturing Policy that Levels the Playing Field and Counters Unfair Competition

Co-introduced by Senators Bill Cassidy (R-LA) and Lindsey Graham (R-SC)

PROPOSAL IN BRIEF

The Foreign Pollution Fee Act (FPFA) is a strategic trade and manufacturing policy designed to counter unfair trade practices by non-market economies like China, ensuring U.S. manufacturers can compete on a level playing field. It ensures that foreign competitors don't undercut U.S. producers through the lax enforcement of environmental standards. It puts America's cleaner, more efficient manufacturers at the center of industrial strategy—strengthening our economic resilience, reducing supply chain dependence on adversaries, and rewarding innovation in clean production.

By placing a fee on high-pollution imports, the FPFA revitalizes American industry—bringing jobs back home, reducing reliance on foreign suppliers, and strengthening domestic supply chains. It also promotes global supply chain resilience by diversifying trade relationships, enhances U.S. export opportunities as foreign producers modernize, and deepens ties with allies who share American economic and environmental values. It fills a major gap in U.S. trade enforcement tools, offering a targeted, rules-based, and WTO-compliant trade policy tool.

HOW IT WORKS

- The variable charge is a percentage fee applied to the customs value of imported goods based on how much more pollution-intensive they are compared to equivalent U.S.-made goods.
- Products are grouped into three tiers:
  - Tier 1 (5–25%) for modest polluters
  - Tier 2 (25–80%) for high polluters
  - Tier 3 (80-100%) for the worst offenders
- Multipliers apply to non-market economies, increasing fees up to fourfold.
- Longer timelines and technical support for developing economies.
- No domestic carbon tax is imposed
- Treasury leads implementation and fee setting; EPA and DOE supply emissions data; Commerce investigates evasion and identifies non-market economies; Homeland Security and Customs enforce import rules; USTR negotiates international partnerships.

COVERED PRODUCTS

Covered products include steel, aluminum, cement, glass, fertilizer, hydrogen, solar components, and certain battery inputs. Crude oil, natural gas, and refined petrochemical products are not covered.

INTERNATIONAL PARTNERSHIPS

- Waives or reduces fees for countries that enforce environmental standards.
- Harmonizes trade with trade partners and advances U.S. export opportunities.

STRONG SAFEGUARDS AGAINST EVASION

- Anti-evasion authority for the Department of Commerce.
- Traceability requirements for importers.
- Verified data from satellite, third-party, and facility-level sources.
- Facility-specific exemptions only with accurate, transparent data.

POLICY BENEFITS

- Restores fairness and predictability to the global trade system
- Raises revenue for the U.S. Treasury
- Protects American jobs and rewards clean manufacturing
- Counters unfair competition from foreign adversaries and nonmarket economies

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