

Bachelor's Thesis

## **A new era of Climate Protectionism?**

The EU Carbon Border Adjustment Mechanism in the perception of the United States:  
an instrument of climate leadership on the path towards global decarbonization or a new trade  
barrier under the guise of preventing global warming?

*How do the United States frame Europe's Carbon Border Adjustment Mechanism?*

Samuel Stephansson

S2838737

Public Governance across Borders

Supervisors:

1<sup>st</sup> Supervisor: Shawn Donnelly

2<sup>nd</sup> Supervisor: Claudio Matera

University of Twente, Enschede, The Netherlands  
Westfälische Wilhelms-Universität Münster, Münster, Germany

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**Abstract:**

The European Union (EU) has as part of its "Fit for 55" legislative package introduced a Carbon Border Adjustment Mechanism (CBAM), which will enter into application in its transitional phase on 1 October 2023. This paper analyzes if the CBAM is perceived as “an instrument of climate leadership on the path towards global decarbonization” or “a new trade barrier under the guise of preventing global warming”. Three hypotheses are formulated based on different theories of international relations: Hypothesis 1 focuses on the constructivist perspective and highlights the role of identity and perception of climate leadership, Hypothesis 2 examines the realist perspective of prioritizing economic interests, and Hypothesis 3 aligns with the functionalist view of cooperation among states. The analysis utilizes a range of data sources, including documents from the U.S. Trade Representative, perspectives of Republican and Democratic Senators, and Transatlantic Trade Council (TTC) meetings. The findings reveal that the U.S. predominantly interprets the EU CBAM as an instrument of climate leadership rather than a trade barrier and suggests that the U.S. are unlikely to actively oppose the implementation of the EU CBAM and instead rather is likely to adopt a cooperative stance by introducing its own Border Carbon Adjustment.

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## List of Abbreviations

BCA	Border Carbon Adjustment
CBAM	Carbon Border Adjustment Mechanism
CBT	Carbon border tax
C	Code
Co2	Carbon dioxide
CSIS	Center for Strategic and International Studies
ETS	Emissions trading scheme
EU	European Union
GHG	Greenhouse Gas
H	Hypothesis
IRA	Inflation Reduction Act
OECD	Organization for Economic Cooperation and Development
POTUS	President of The United States
TTC	Trade and Technology Council
UK	United Kingdom
U.S.	United States
WTO	World Trade Organization

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## **1. Introduction**

Tackling the climate crisis is the key hurdle of the coming years and decades (Toadvine, 2021). Most countries have already agreed that man-made climate change is a serious issue. Since the early 1990s states have debated how to combat climate change. These negotiations have produced several important accords to avoid the climate crisis including the Kyoto Protocol and the 2015 Paris Agreement (Maizland, 2021).

With the "Fit for 55" legislative package, announced in July 2021 the European Commission is aligning its climate policy with medium-term emissions targets. One of the core elements is the introduction of a Carbon Border Adjustment Mechanism (CBAM) (European Parliament, n.d.). This is a further step of the EU to achieve a new ambitious target for 2030 of reducing greenhouse gas (GHG) emissions by 55% compared to the 1990 level as well as to become the first climate-neutral continent in the world by 2050 (European Commission, 2021a). The CBAM requires EU importers to purchase CBAM certificates that match the carbon price of the EU Emissions Trading System (ETS). If a producer from a non-EU country can prove that they have already paid a carbon price in their home country, the corresponding cost can be deducted from the carbon border tax (CBT) (European Commission, 2021a, 2021b). The CBAM will include carbon-intensive products such as iron and steel, aluminum, cement, fertilizer, electricity, and hydrogen (European Commission, 2021a). The CBAM aims on avoiding European producers to shift their production due to the tightening climate regulations of the EU (carbon leakage) (Korpar et al., 2023). Furthermore, it reflects the EU's ambition as a climate leader to create an incentive for foreign producers to lower their carbon emissions and produce more cleanly (Majkut, 2023). Starting from October 2023, a trial period for the CBAM will begin, during which companies will be required to report their Carbon dioxide (CO<sub>2</sub>) emissions. The complete implementation of the CBAM is planned for 2026 (European Commission, 2021a).

As countries strive to balance economic interests with addressing climate change, the intersection of trade, environment, and climate issues has introduced new complexities to the integration process. The EU's implementation of the CBAM has faced criticism from several countries, who express dissatisfaction with the approach (Chase, & Pinkert, 2021). Concerns have been raised about the potential impact on global trade, the effectiveness of the measure in achieving climate goals, and the perceived unfairness in imposing additional costs on non-EU producers (Orozco, 2022; Marcu et al. 2021; Delbeke & Vis, 2020; Holovko et al. 2021).

The transatlantic axis plays an important role in shaping global climate policy, making the United States' (U.S.) perception of the EU CBAM critically important. Given the economic and political influence of the U.S., its stance on the CBAM can significantly impact the success and effectiveness of this instrument. As one of the world's largest economies and a major emitter of GHG, the U.S. engagement and cooperation in addressing climate change, including its position on the EU CBAM, are crucial for

advancing global efforts to combat climate change. For this reason, I will address the following questions in this paper: The EU CBAM in the perception of the United States: an instrument of climate leadership on the path towards global decarbonization or a new trade barrier under the guise of preventing global warming? How do the United States frame Europe's Carbon Border Adjustment Mechanism? For this purpose, I will examine policy documents and statements of the U.S. executive and legislative as well as bilateral meetings with the EU, in form of Trade and Technology Council (TTC) meetings. Regarding the framing, there is also the sub-question for the executive of how the U.S. response to the CBAM impacts its domestic policies and initiatives aimed at decarbonization. Furthermore, for the legislative, I want to know if there are divergent perspectives between Democratic and Republican senators, and if yes what contributes to that? In this study, I will employ a qualitative content analysis approach to analyze various documents related to the EU CBAM and the U.S. For the collection of the data, triangulation will be conducted. This means that I will look at official documents from the U.S. Trade Representative, as well as senators' statements, interviews, and official documents of the TTC meetings.

The issue of CBAM holds significant scientific and societal relevance due to its potential implications for global climate change mitigation efforts and international trade relations. By some the EU CBAM is perceived as a potential last resort to establish a global carbon price and effectively combat climate change. This is particularly urgent as the world is currently facing an unprecedented climate crisis, with carbon dioxide levels reaching record highs and average global temperatures steadily rising (Helmholtz 2020; IPCC, 2017). The need for immediate and effective climate action is evident, with scientific reports highlighting that global emissions must be substantially reduced within the next decade to avoid catastrophic consequences such as extreme weather events, sea-level rise, and biodiversity loss. From a scientific standpoint, CBAM can play a crucial role in incentivizing emissions reductions by addressing carbon leakage and promoting decarbonization (Jakob, 2021). Understanding the U.S. framing of the EU CBAM is crucial as it directly influences the prospects of the needed effective global climate mitigation efforts. The existing literature in the field has either provided an overview of the EU CBAMs geopolitical implications (Munzur et al. 2022; Overland & Sabyrbekov, 2022), China's reaction (Shen et al., 2023), or Turkey's reaction (Acar, 2022), or how the EU CBAM would impact the Global South (Eicke et al., 2021). However, a detailed analysis of the U.S. perception is missing in the academic field. This thesis aims to fill this gap and thereby contribute to the study field of international reactions to the EU CBAM.

I will start my work with a theory part in which I will elaborate on a theoretical framework based on the international relation theories of constructivism, realism, and functionalism. Constructivism is divided into hard- and soft constructivism. Next, my research design will be presented. Subsequently, an analysis will be conducted in which the findings are first presented and thereafter discussed in relation to the research questions and hypotheses.

## **2. Theoretical framework**

The scientific debate on whether values and norms shape the international system or if the international system is predominantly determined by hard state interests has been a longstanding subject of discussion (Finnemore & Sikkink, 2001). Scholars and theorists have over time presented contrasting perspectives, with some arguing that shared values and norms play a significant role in shaping international relations, while others emphasize the dominance of state interests and power dynamics. In the context of the EU's CBAM, this debate gains particular relevance. Shedding light on the factors influencing the potential cooperation, conflicts, or divergences between the U.S. and the EU who is implementing CBAM. In this chapter, the competing theories of international relations will be examined to explore the perspectives on the role of values, norms, and state interests and the role of cooperation in shaping the international system. By examining the theories of constructivism, realism, and functionalism I aim to gain insights into how the U.S., may perceive and respond to CBAM. These theories lay the foundation for how I perceive the actors in the international system will act. This makes them important for the formulation of my hypothesis and the theories of international relations play a crucial role in setting a guideline to the analysis.

### **2.1 Constructivism**

For conducting my analysis, a constructivist approach will provide us with the most promising theoretical framework. Whilst positivist theories of international relations try to find causal mechanisms for state behavior, and thereby highlight the role that material factors play, constructivism states that reality is best studied in the context of social interaction (Holzscheiter, 2014). Constructivists argue that the world is not an objective reality, but instead socially constructed, which means shaped by human interactions, and beliefs (Adler, 1997). With regards to the international system, this implies that actors do not represent fixed interests, but that their interests are influenced by learning, socialization and interaction with each other. Both in the theory of constructivism and the concept of identity there exists a wealth of definitions and interpretations (Kowert, 1999; Jakob, 2013; Guillaume 2011). In order to narrow down the variously used theoretical concept of constructivism and to clarify it for this paper, I will distinguish between conventional "hard constructivism" and "soft constructivism". First, the conceptualization of hard constructivism will be discussed, followed by soft constructivism. The classification of hard and soft constructivism, although not widely prevalent in constructivist scholarship, is a framework I have devised to present the findings of my analysis in a more accessible manner. By using these categories, I aim to provide a clearer understanding of the dynamics within the constructivist theory and its relevance to my research.

In his work "*Social Theory of International Politics*" (1999), Alexander Wendt who can be considered one of the most influential constructivists states two basic assumptions of constructivism, namely: "(1) [...] the structures of human association are determined primarily by shared ideas rather than material

forces, and (2) that the identities and interests of purposive actors are constructed by these shared ideas rather than given by nature.” (Wendt, 1999, p. 1).

Language and discourse are key theoretical concepts in constructivism, since “persuasive communication is considered fundamentally important to norm-building” (Payne, 2001, p. 37). Language is one of the main tools used by politicians to promote their agenda (Luntz, 2007). Framing highlights the importance of language and words. When applying framing to the political sphere a frame can be understood as the “conceptual structures or sets of beliefs that organize political thought, policies, and discourse” (Van Dijk, 2001). Successful norm entrepreneurs frame their normative ideas in a way that reaches a relevant audience (Payne, 2001).

Within constructivism, the concepts of norms and identity play a crucial role. Norms can hereby be defined as “standards of behavior defined in terms of rights and obligations” (Kratochwil & Ruggie, 1986, p. 767). The concept of identity is then a product of norms and explains why states behave in certain ways. They form the basis for the interests of states in their relations with each other (Wendt, 1992). Some constructivist researchers among others Jaeger and Wendt take the position that the identity and interests of states are not exogenously given by domestic politics or human nature but constructed from the social structure of the international system in interactions. (Jaeger, 2016). Norm building for “hard constructivists” can be seen as a result of international socialization which are stable patterns of state interaction (Cortell & Davis, 2000). When states undergo socialization, they internalize and adopt the preferred norms of the international society. This socialization process helps them shape their attitudes, beliefs, and expectations about appropriate action in international relations (Cortell & Davis, 2000). Furthermore, “socialization can occur as a result of the actions of nonstate actors and may involve use of “soft” power resources, such as moral leverage and technical knowledge.” (Cortell & Davis, 2000, p. 83; See also: Park, 2014; Börzel, 2000). These “beliefs become deeply sedimented and thereby congeal and change only very slowly.” (Theiler, 2005, p. 18). This approach, which is limited only to the international system by a predominantly externally directed shaping of identities, as advocated by Alexander Wendt (Wendt 1994, 1999), falls short when examining foreign policy behavior from the research perspective advocated here because it does not take enough account of the function of state identity "inward," i.e., directed toward the interior of the state (Jakob, 2019). When considering the relationship between identity and foreign policy, both international and domestic dimensions must be considered (Hopf, 2002).

Soft constructivism rather focuses on the domestic dimension. Peter Katzenstein in his work "*Norms and Identity in World Politics*" (1996) states that "States are embedded in social structures and cultures that shape their perceptions, preferences, and behavior in international relations, including their framing and interpretation of policies and events. Checkel (1999) emphasizes the importance of considering domestic actors and their motivations and choices in the diffusion and constitutive impact of norms. Soft constructivism focuses on the agency of national governments and sees their agency as the main driving



force in creating and changing norms (Checkel, 1999; 2004). In their analysis of the impact of international norms on domestic politics Cortell and Davis (2000) highlight the impact of the agency of domestic actors in interpreting and selectively incorporating international norms into their decision-making processes. They suggest that states may adopt and promote international norms when it aligns with their domestic interests or when it enhances their legitimacy. The likeliness of salience of international norms rises if supported by domestic material interests (Ruggie, 1991; Ikenberry, 1993). Martha Finnemore highlights that institutional actors adopt frames of understanding based on their social interactions and context. These viewpoints are not fixed but can change as individuals respond to external influences like new norms or expectations. This flexibility allows them to adjust their thinking and behaviors to fit with the evolving social environment (Finnemore, 1996).

**Figure 1.** The major directions of research in state identity in international relations theory (Own illustration, based on Alexandrov, 2003)

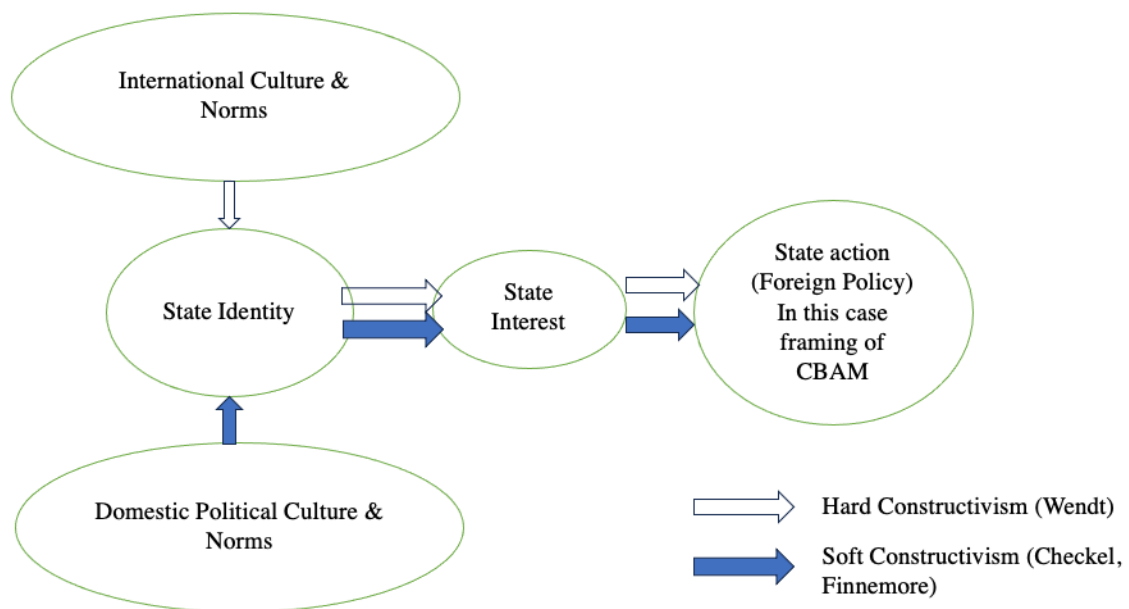


Figure 1. The major directions of reserach in state identity in international relations theory

## 2.2 Realism

Realism is a theory that tries to explain a state's behavior. Already since WWII realism has been a dominant theory in the field of international relations (Donnelly, 2000). Realism emphasizes on power, competition, and self-interest among states. Realists see the international system as anarchic, which indicates the absence of an authority that enforces rules (Deudney, 2000). *"Theory of International Politics"* (1979), by Waltz states that this missing all-dominant authority in the international system leads to a "self-help dynamic" in which every state relies on its own to advance its interests and ultimately survive. In contrast to constructivism, where norms can be pursued collectively without states looking exclusively to their own interest, realism states that countries within the international system

pursue only their own advantage (Page, 2002; Mosely, 1967). According to Waltz, states are “*rational actors*” primarily striving for power in the international system. This collective striving for power is necessary to maintain the international order, or as the famous realist Hans Morgenthau perceived: national power as the foundation of international leadership (Zhang, 2017)

Several scholars have narrowed down the focus from the general behavior of states to their economic behavior. One of them is Robert Gilpin, who focuses on the role of economic power in international politics. Gilpin argues that international actors seek to, by “expanding competition (...) maximize their own benefits and minimize the costs of global interdependence” (Gilpin 1981, p. 395). He furthermore states that this economic competition in many cases leads to tensions that can result in the same intensity as tensions over territory or national security (Gilpin, 1987). Periods of “structural change”, such as the worldwide conversion to carbon-neutral production according to Gilpin (1981) tend to be characterized by intense nationalistic competition.

The concept of protectionism indicates a realist approach of countries pursuing their self-interests, to protect their national economy from perceived external threats, in form of competition (Witt, 2019). Considering the U.S. framing of the EU CBAM from a realist perspective, the U.S. will highlight its self-interest in form of its national economy regarding its framing of the EU CBAM and would therefore primarily focus on its own benefits rather than on norms and values such as effectively combating climate change. This can be expressed in different ways: either in a general rejection of CBAM due to potential disadvantages for their own industry. Or pushing for exceptions and loopholes to reduce the negative impact on their own industry.

### **2.3 Functionalism**

Functionalism as a theory of international relations aims on explaining cooperation among states of the international system (Klabbers, 2014). Functionalism states that bilateral and multilateral cooperation as well as the establishment of international institutions increases mutual benefits for all parties involved. Functionalism is based on the assumption that “common institutions can pursue interests, to share burdens, to solve common problems” and therefore gives all parties involved mutually beneficial cooperation. (Hurrel, 1995, p. 343; Haas, 1958). States do create these institutions to make cooperation possible by setting expectations, managing norms, and establishing commonly agreed rules (Prieto Ramos, 2015).

Functionalists also highlight the role of institutions (Kennedy, 2017). Institutions both serve in shaping rules and help monitor compliance with these agreed-upon rules. These created institutions then define common principles for national decision-making and sanction deviation from the agreed-upon rules (Deutsch, 1957). Functionalism also aims to solve the realist problem of coordinating state behavior. Traditional realist theories emphasize the self-interested nature of states and the absence of a central

authority to enforce cooperation (Waltz, 1979). However, functionalism argues that common institutions and shared norms can mitigate this problem by creating a framework for cooperation based on mutually beneficial outcomes. Functionalists argue that these institutional arrangements can solve, or at least help to lessen international problems of coordination and collective action that is brought forward by realist scholars in international relations" (Keohane, 1984; Gehring, 1996; Hasenclever et a., 1996). The potential for collective action of states, to solve global challenges, such as the threat of an emerging climate catastrophe is underscored by functionalists. According to functionalists, the gradual integration between states leads to more cooperation in the international system, as the general trust between states is promoted (Occhipinti, 2003).

With respect to CBAM, a functionalist's view would see the CBAM as a policy response to a collective problem, namely the efficient decarbonization to reduce climate change effects. A functionalist perspective of the U.S. could include recognition of an international Co2 market and support for such a market. Functionalists would assume that the U.S. would be open to talks on a joint Cooperation with the EU on issues such as carbon pricing and emissions reduction targets, since these would move them closer towards a common goal, namely lowering global emissions.

### **3. Hypotheses**

The following section presents the formulated hypotheses and explains them. In the end of the chapter the Hypotheses are linked to the theories of international relations. This is presented in a table for clarity.

#### **3.1. Hypothesis 1**

*H1: The United States' framing of the EU CBAM will be influenced by their perception of their own identity and interests as a global leader in climate action, shaping their interpretation of CBAM as an instrument of climate leadership on the path towards global decarbonization. (hard constructivism)*

According to hard constructivist perspectives, a state's identity, norms, and beliefs shape its behavior and interpretation of events. This hypothesis suggests that the United States' framing of CBAM will be influenced by their identity and perception of themselves as a leader in climate action, leading them to interpret CBAM in a positive light.

#### **3.2. Hypothesis 1a**

*H1a: The United States' framing of the EU CBAM will be influenced by their administrative and policy priorities shaping their interpretation of CBAM as an instrument of climate leadership on the path towards global decarbonization. (soft constructivism)*

Soft constructivist perspectives emphasize that states are active actors who engage in framing and interpretation of events and issues in international relations based on their administrative and policy priorities, economic interests, and domestic political considerations. This hypothesis suggests that the United States' framing of CBAM will be influenced by a range of factors beyond identity, such as administrative and policy priorities.

#### **3.2. Hypothesis 2**

*H2: The United States considers the EU CBAM as a new form of trade barrier under the guise of preventing global warming. (realism)*

Realism states, that countries act in their own self-interest and primarily prioritize their own economic interests. Therefore, the EU CBAM could be viewed as protectionist measures to protect domestic industries from foreign competition by imposing additional costs on imports. While the U.S. would admit that the primary goal of CBAM is to promote decarbonization and combat climate change, its implementation may have the unintended consequence of hindering global trade and creating new trade barriers, ultimately harming the global economy of the U.S.

### 3.3. Hypothesis 3

*H3: The United States are viewing CBAM as a positive step towards global cooperation and a solution to the realist problem of setting common rules for addressing climate change, rather than as a trade barrier. (functionalism)*

This hypothesis suggests that the United States may see the EU CBAM as an opportunity for international cooperation through the establishment of common rules and institutions to address the global challenge of climate change. Emphasizing the role of institutions in facilitating cooperation among states and mitigating the self-interested nature of states, which is a problem highlighted by realist theories.

**Table 1.** Overview: linking the Theoretical Framework to the Hypothesis

*Table 1. Overview: linking the Theoretical Framework to the Hypothesis*

Theory	Perception of CBAM	Factors influencing that perception
Constructivism (Hard)	Instrument of climate leadership	States socialization within the international community
Constructivism (Soft)	Instrument of climate leadership	Domestic factors (e.g., job security in the U.S.)
Realism	Trade protectionism	Unfair competition
Functionalism	Global cooperation	Using International Organizations

### 4. Research design

This paper deals with the United States political framing of the EU CBAM. Europe is the first actor in the international community that has introduced a border carbon adjustment (BCA), which equalizes the price of carbon between domestic products and imports in selected sectors. The examination of the framing of the United States' response to the EU's initiative is of high importance since the reaction of the United States is crucial for the global success or failure of this new policy instrument. A foreign

policy analysis of the U.S. reaction to the EU CBAM is of key importance due to its implications for global climate governance and the coordination of climate policies between these major actors. It provides insights into the dynamics of transatlantic relations and their impact on trade relations and policy coordination. Understanding the U.S. response helps assess the potential for cooperation or conflict in addressing climate change and the direction of future climate and trade policies.

The proposal for the EU CBAM was presented by the Commission in July 2021, with the aim of promoting decarbonization and combating climate change as well as protecting the EU industry from “leakage”. The period from the first introduction of CBAM to the present can be considered an appropriate period to analyze the U.S. framing of this policy. The proposal for the EU CBAM, introduced by the Commission in July 2021, serves as the starting point for my analysis. I will examine relevant documents and developments from that time until the present to understand the evolution of discussions, negotiations, and potential adjustments surrounding the CBAM. The framing of the U.S. is the result of a configuration of key actors and their perspectives. In my analysis, I will utilize three influential theories of international relations—constructivism, realism, and functionalism—to explore the potential divergences in behavior and positions between these actors. To do this and test the hypotheses to answer the research I will conduct a qualitative content analysis. Qualitative content analysis provides the opportunity “for exploring complex or understudied topics, as well as for generating new insights and hypotheses” (Given, 2008).

#### **4.1. Method of Data Collection**

I will use triangulation for the collection of data. This means that I will use different data sources to shed light to highlight the different perspectives of the various actors and provide a robust and nuanced analysis of the United States' framing of the CBAM in the context of various theoretical perspectives. The data collection is based on three pillars. First, data from the executive are analyzed. For that, the office of the US trade representative is the main source of data. From the legislative pillar, documents of the US senators are analyzed. Finally, documents from the TTC meetings conducted by the U.S. and the EU will be analyzed. The sources that are used include to analyze the perspective of the executive are Annual Reports of the US Trade Representative and Statements of the office of the U.S. Trade Representative. Analyzing the annual reports of the U.S. Trade Representative is important since they provide official insights into the U.S. government's stance, priorities, and concerns regarding trade policies, including the CBAM, making it a valuable source for understanding the U.S. framing of the CBAM.

For the legislative, most documents refer to officially published statements by U.S. senators. In addition, documents from Senate hearings, interviews, and opinion articles written by the senators are analyzed. A distinction is made between the party affiliation of the senators, as the Democrats and Republicans

have very different views on cooperation with the EU (McCright et al., 2016). It is noticeable that certain senators speak very frequently about the European CBAM. Among the Republicans, this includes Senator Kevin Cramer representing North Dakota and Bill Cassidy representing Louisiana in the Senate. Among the Democrats, the following express themselves particularly frequently: Senator Sheldon Whitehouse representing Rhode Island, and Chris Coons, senator representing Delaware. This provides a comprehensive perspective on the legislative framing and debates surrounding the CBAM.

Finally, documents from the U.S.-EU Trade and Technology Council (TTC) meetings are analyzed. the TTC serves as a key forum for bilateral discussions on trade and technology policies between the U.S. and the EU. The documents from these meetings offer valuable insights into the U.S. government's stance, interests, and strategies regarding the CBAM and its potential impact on transatlantic trade relations.

When analyzing the documents, I primarily looked for parts that could indicate the framing of EU CBAM by the respective actors. This means that for the executive, special attention was paid to the sections in the annual reports that deal with trade and/or sustainability. For the legislative branch, we primarily filtered for concrete statements on CBAM. For the documents on the TTC meeting, special attention was also paid to the sections dealing with trade and/or sustainability.

#### **4.2. Operationalization**

This section describes the process through which the gathered data is processed and analyzed. A coding framework was developed to provide a robust and structured analysis of the data collected. The critical step in an analysis “is the creation of a coding scheme that is written out in great detail” (Abdelal et al., 2006, p. 704). The coding scheme for my analysis includes four themes, each with three concepts. Each concept has 2 codes. However, the coding scheme is not based exclusively on the codes. Words and phrases that do not correspond to the codes can also be added so as not to be too restrictive and leave out important information that could be of value for the analysis. The following paragraph describes the structure of my coding scheme. Finally, the procedure is illustrated with a graphic. The coding scheme consists of four themes. The themes are adapted to the hypotheses and reflect the theories of international relations, according to which the framing of the U.S. on the EU CBAM is to be analyzed.

The first Theme of the coding scheme is *"Identity and climate leadership"*. The theme is based on the categories “Climate leadership” and “Sustainable development”. In order to fulfill the category Climate leadership statements or references where policymakers frame the EU CBAM as an opportunity for the United States to demonstrate their leadership role in addressing climate change and achieving decarbonization goals. Sustainable development is realized through the fact that the U.S. framing connects the CBAM with promoting sustainable economic growth while addressing climate challenges.

The codes for climate leadership are: “C1 = commitment to addressing climate change”, and “C2 = ambitious goals for reducing GHG emissions”. The codes for Sustainable development are: “C1 = Promoting sustainable economic growth”, “C2 = Promoting the use of renewable energy sources”

The second Theme of the coding scheme is „*Administrative and Policy Priorities*”. This theme is based on two categories. On the one hand, policy objectives, in which policymakers' framing of the CBAM takes place within the broader policy objectives of the United States, such as transitioning to clean energy, promoting innovation, or enhancing economic competitiveness. On the other hand, domestic policy considerations are also used as a category. Here, I will look for evidence of the national context, including economic interests, job creation, or public opinion, influencing policymakers' interpretation of CBAM. The codes for “policy objectives” are “C1 = Clean Energy Transition, and C2 = Innovation Promotion.”. The codes for domestic policy considerations are “C1 = Job Creation and C2 = Employment Opportunities.”

The third Theme is “*Trade Barrier and Realism*”. In order to examine the theme more closely, we will use the category of “trade protectionism“ on the one hand and the category of “economic interests“ on the other. “Trade protectionism” is analyzed by Note instances where policymakers frame the EU CBAM as a disguised trade barrier, aiming to protect domestic industries and disadvantage U.S. exports. To analyze Economic interests statements or references that highlight potential negative impacts of the CBAM on U.S. economic interests, trade relations, or market access will be searched for. The codes for trade protectionism are “C1 = Discussing the restrictions or barriers imposed by the EU CBAM on accessing foreign markets”, and “C2 = unfair competition“. The codes for Economic interests are: “C1 = Loss of competitiveness”, “C2 = Reduced market access.”

Finally, the last Theme of the coding scheme is “*Global Cooperation and Functionalism*”. This Theme also is based on two categories, on the one hand, “Multilateral cooperation. For this we analyze the data for framing that emphasizes the CBAM as an opportunity for global cooperation and coordination in addressing climate change. On the other hand, “Common rules and standards” instances where policymakers frame the CBAM as a positive step toward establishing common rules and standards for addressing climate challenges on a global scale will be noted. The codes for Multilateral cooperation are: “C1: promote global climate action and cooperation among nations”, and “C2 = Discuss international partnerships and alliances in tackling climate challenges.”. The codes for “Common rules and standards” are: “C1 = establish consistent and harmonized rules and standards across countries for addressing climate challenges”, and “C2 = potential for the CBAM to align countries' efforts in addressing climate challenges through common rules and standards.”



**Figure 2.** Overview of the Coding scheme (Own Illustration, based on Saladana, 2013)

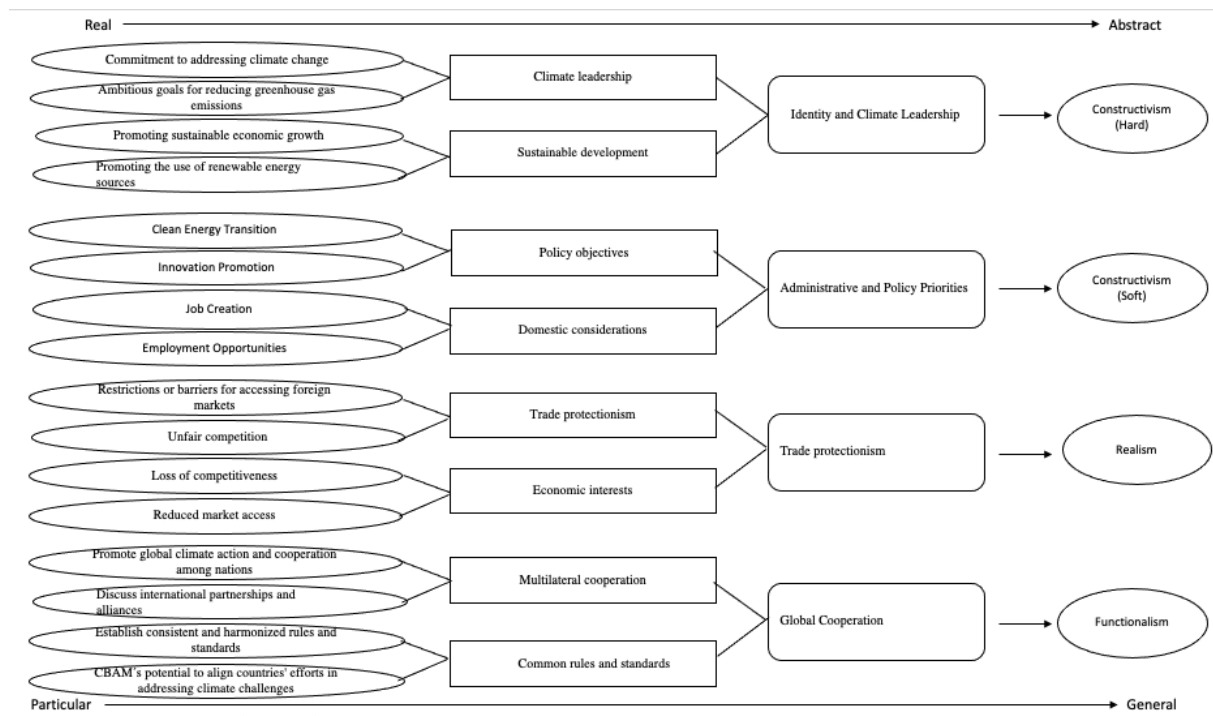


Figure 2. Overview Coding Scheme

## 5. Analysis

This chapter deals with the analysis of the data that was collected. To obtain a comprehensive picture of the framing of the United States, data was collected from the executive, legislative, and TTC meetings. The data of the executive was collected in the form of a thorough analysis of statements of the Bureau of the U.S. Trade Representative. In the legislative branch, official documents of the U.S. Senate, such as hearings and debates, as well as publicly published statements and interviews of senators were analyzed. Finally, also official publications of the TTC meetings were part of the analysis. The Data does not provide explicit and detailed discussions solely focused on the CBAM, but it indicates a broader context within which the CBAM is situated. The goal of this chapter is to present the results of the analysis and then interpret them based on the hypotheses that were established beforehand. More precisely the first part of this chapter presents my main findings, and the second part examines how the results I found relate to the hypotheses I previously established. The analysis has been done on the basis of my coding framework and will be evaluated accordingly. The goal is to find repeating *patterns* and *trends* and if they can be detected, analyze them. To detect *patterns* it will be analyzed which themes stand out in the evaluated documents. Accordingly, it is investigated which of the established themes occurs particularly frequently in the data. To identify *trends*, the chronological sequence of statements and framing will be analyzed and evaluated to uncover whether changes in the framing of the documents occur over time.

The chapter is structured as follows. First, the executive is examined, followed by the legislative, in which both the statements of the Republican Senators are analyzed and then those of the Democratic Senators. The aim is to find out which theme is particularly prominent in their respective framing and how this has changed over time. Finally, the TTC agreements are first presented in more detail, then they are analyzed, and an attempt is made to identify patterns and trends. After this, the findings will be interpreted according to the theories and subsequently, the formulated hypotheses will be accepted or rejected.

### **5.1. Executive (U.S. Trade Representative)**

To analyze the framing of the United States executive body towards the European CBAM documents of the U.S. Trade Representative were used. The documents that were analyzed were Factsheets of the U.S. President's trade agenda and annual reports for the years 2021 until 2023. Furthermore, a Congressional Budget justification and a readout of the Ambassador Tai's meeting with EU environment NGOs were analyzed. Analyzing the given documents, we can observe several patterns and themes in the framing strategies employed by the office of the U.S. Trade Representative. The results are classified according to the categories of the established coding scheme. However, the U.S. Trade Representative has published very few documents directly mentioning the EU CBAM.

#### *Identity and climate leadership*

The analyzed documents of the U.S. Trade Representative indicate that there is an understanding of environmental challenges. In all the analyzed documents the Office of the U.S. Trade Representative emphasizes the U.S. commitment to climate leadership and environmental sustainability. It must be noted however (as previously mentioned in the methods part) that the analyzed documents were previously filtered for sections in which the topic of Climate Change is mentioned. In the documents from 2021/23, there is a strong focus on environmental sustainability and raising global climate action. Evidence for this is the strong support for the Biden Administration's comprehensive vision of reducing GHG emissions and achieving net-zero global emissions (USTR, 2021a). This emphasis on climate-related goals suggests a heightened commitment to addressing climate change in trade policy. In the President's annual report of 2020, it is explicitly mentioned, that the U.S. plans to "Restoring U.S. leadership around the world" (USTR, 2021a, p. 2). A clear trend that stands out in the analysis of the documents is that the concrete measures described to link sustainability with trade became more concrete. The approach in documents from 2020 can be seen as rather unspecific and the goals were formulated rather roughly, for instance, "The United States will work with other countries both bilaterally and multilaterally towards environmental sustainability" (USTR, 2021a, p. 1). In the annual Report of 2023, more concrete measures are described. For example, the Global Arrangement on Sustainable Steel and Aluminum is taken as an example to continue to successfully interconnect global climate action and trade. "Through negotiations on the Global Arrangement on Sustainable Steel and

Aluminum, we are demonstrating that trading partners can come together and align on common objectives and use trade tools to decarbonize our economies” (USTR, 2023, p. 5).

#### *Administrative and Policy Priorities*

The analysis of data from the U.S. Trade Representative furthermore reveals notable patterns in the framing of policy objectives within the theme of "Administrative and Policy Priorities." The data emphasizes the importance of promoting employment opportunities and supporting American workers within the context of various policy objectives. Firstly, the trade agenda outlined by the U.S. Trade Representative aims to “foster U.S. innovation and production of climate-related technology” (USTR, 2021a, p. 2). This indicates a commitment to developing industries that can create jobs in the clean energy sector. The focus on resilient renewable energy supply chains suggests an intention to support job growth in this area.

With the Inflation Reduction Act (IRA), enacted in August 2022, to U.S. aims to lower energy expenses for Americans, generate quality employment opportunities, and revolutionize the U.S. approach to tackling the climate crisis (Barbanell, 2022). The Act focuses on two important goals: creating jobs in clean energy and lowering emissions in all parts of the economy. It introduces measures to protect workers' rights and offers incentives for clean energy tax credits, encouraging the payment of fair wages and the use of registered apprenticeship programs (White House, 2022). Furthermore, the Act also establishes provisions for the use of American-made equipment in clean energy production, promoting domestic sourcing and supporting high-skilled jobs. These measures demonstrate the policy objective of transitioning to clean energy and promoting innovation as key priorities.

#### *Trade Barriers and Realism*

The documents do not explicitly mention trade protectionism or economic interests. None of the codes for trade barriers that I have created have appeared in the analysis of the documents. However, the absence of explicit statements or references suggests for my analysis that the focus is more on climate and environmental considerations rather than trade barriers or protectionist measures (USTR, 2021a; 2023). The documents highlight the U.S. commitment to tackling the climate crisis, promoting sustainable practices, and raising global climate action. This means that the U.S. Trade Representative prioritizes addressing environmental challenges over discussing trade barriers or protectionist measures. The documents emphasize partnerships and alliances, particularly with the European Union, to implement necessary reforms and establish high-standard global rules governing the digital economy (USTR, 2021a, p. 1). This cooperative approach prioritizes to find common and shared solutions instead of setting the focus on trade barriers as obstacles. While the documents analyzed may not explicitly discuss *trade barriers and realism*, it does not necessarily mean that these aspects are completely ignored.

### *Global Cooperation*

The documents emphasize the promotion of global climate action and cooperation among nations. In many instances, the documents point out the opportunity for partnerships in tackling climate challenges. (USTR, 2021a; 2023; 2023). Therefore, it can be assumed that the U.S. Trade Representative lays a strong emphasis on the importance of multilateral cooperation in addressing climate challenges. The documents furthermore suggest a strong focus on building alliances and collaborating with international partners to address trade-related issues and “come together and align on common objectives” (USTR, 2023, p. 15). This intention of the U.S. Trade Representative intention reflects a recognition of the shared responsibility and collective action required to address global environmental concerns. International institutions take a prominent role within the analyzed documents. The U.S. Trade Representative attaches great importance to promoting cooperation at international institutions such as the World Trade Organization (WTO) or the Organization for Economic Co-operation and Development (OECD). (USTR 2021a; 2023). International institutions are seen as platforms for dialogue and collaboration that can serve as forums for discussions, negotiations, and the development of common approaches.

### *Conclusion of the findings of the U.S. Trade Representative*

The emphasis on identity and climate leadership in the documents accentuates the U.S. Trade Representatives' commitment to environmental sustainability and global climate action. A shift from rather general statements towards more specific and actionable goals, such as the Global Arrangement on Sustainable Steel and Aluminum was perceived by the documents analyzed (USTR, 2023). The focus on administrative and policy priorities suggests the importance of creating clean energy jobs and supporting American workers through incentives and protections. The documents do not explicitly mention any stances on trade barriers or realism, they rather highlight the cooperative approach in addressing climate change and “establishing high-standard global rules” (USTR, 2023, p. 2).

## **5.2 Legislative: (The U.S. Senate)**

To examine how the EU CBAM was portrayed within the U.S. Senate, an analysis was conducted on the framing of the U.S. Senators. To examine the framing of the U.S. Senators in more detail, various data sources were used. The data analyzed are mainly statements published by the Senators on their websites. However, in order to provide a more comprehensive classification, interviews, speeches, and opinion articles by Senators, as well as official discussions and hearings in the Senate were examined. The analysis distinguishes between Republican and Democratic senators to determine whether there are differences in their framing. It is noticeable that there are a few Senators who regularly speak out on regularly on the EU CBAM. Among the Republicans, Kevin Cramer and Bill Cassidy express themselves most frequently. Among Democrats, Senators Sheldon Whitehouse and Chris Coons are the primary commentators. These Senators, especially those from the Democratic side, have already

proposed bills for a U.S. Border Carbon Adjustment (BCA), while their Republican counterparts are contemplating introducing similar legislation (Coons, 2021; Cramer, 2022).

This section is structured as follows. First, the key statements of the data are analyzed by the Senators using the coding scheme. The analysis first deals with the framing of the Republican senators and then with the framing of the Democratic senators. Finally, the results are compared with each other in order to conduct a thorough analysis.

### **5.2.1 Framing of the Republican Senators**

The starting point of the Republican Senator's analysis is an official letter sent to the U.S. President of the United States (POTUS) by 19 Republicans on August 10, 2021, urging him to Oppose the EU's Carbon Border Adjustment Mechanism (Rubio & Cramer, 2021). In addition, data from Senators Cramer and Cassidy will be used for analysis. The analysis of the framing of the Republican senators will be analyzed using the established coding scheme.

#### *Identity and climate leadership*

In the letter to the POTUS Republican Senators perceive the U.S. as a climate leader stating: "We have been a leader in addressing climate change, reducing our GHG emissions more than any other economy since 2005." (Rubio & Cramer, 2021, p. 1). However, they use their perception of themselves as leaders to criticize the CBAM, accusing the EU of "define a climate and trade standard it has not helped shape" (Rubio & Cramer, 2021, p. 2). The analysis of the data of Senator Cramer shows that he, too, sees the U.S. as a leader in climate action, stating: "The U.S. has nothing to apologize for. The rest of the world needs to clean up. The U.S. has been the world leader in lowering carbon emissions—reducing emissions more than the next eight emissions-reducing countries combined from 2000 to 2016." (Cramer, 2022, para. 9).

#### *Administrative and Policy Priorities*

There is a common concern among Republican politicians regarding the EU CBAM and its potential impact on American businesses. They argue that the EU's proposal would unfairly penalize U.S. imports and fails to acknowledge the progress made by the United States in reducing GHG emissions (Rubio & Cramer, 2021, p. 1; Cassidy, 2023). Instead, they suggest that the focus should be on forcing major developing economies like China, which they believe contributes significantly to global emissions growth to reduce its emissions (Cassidy, 2023; 2023a; Cramer, 2022). They advocate for a level playing field for American manufacturers. This level playing field should help to protect American jobs, "attract industries back to the United States", and strengthen the country's economic and national security (Cassidy 2023, para. 4). The Republican Senators generally support measures that acknowledge and

promote American manufacturing, while holding other nations accountable for their environmental practices.

### *Trade Barriers and Realism*

In the letter to President Biden, Kevin Cramer and other Republican lawmakers express concerns about the EU CBAM. They frame the CBAM as a potential trade barrier and a disguised form of protectionism, aimed at protecting domestic industries and disadvantaging U.S. exports (Rubio & Cramer, 2021). They argue that the United States, as a leader in addressing climate change, should not allow the EU to “define a climate and trade standard” without U.S. involvement (Rubio & Cramer, 2021). The fear that the EU CBAM could harm the domestic industry is the prevailing theme in analyzing the statements of the Republican senators. Cramer argues that the EU's unilateral action goes against the potential for cooperation on climate policy and suggests that “a trade-centered approach that rewards high environmental performance” should be developed instead (Cramer, 2022, para. 2). A consistent pattern that emerges in the documents analyzed by Senator Cramer is a consistent stance against the CBAM but still an emphasis on the need for climate change coordination among like-minded partners.

It is striking, however, that the framing vis-à-vis an EU CBAM is very different from the framing used by Republican senators when discussing the potential introduction of an “own” American CBAM. Both Kevin Cramer and Bill Cassidy have commented on a possible CBAM. Both in the discussion about the EU CBAM and in the discussion about a CBAM of our own, the framing is strongly directed against China (Cramer, 2022; Rubio & Cramer, 2021; Cassidy, 2022). Hereby the focus lays on addressing China's role in global emissions and its impact on U.S. energy security, national security, climate policy, and the economy. Republican Senator Bill Cassidy argues that “China is able to better compete is they totally ignore environmental regulations”. (Cassidy, 2022, para. 2). He, therefore, advocates for policies that impose a “foreign pollution fee to hold China accountable” (Cassidy, 2022, para. 1). Both Senator Cassidy and Cramer believe that implementing a Carbon Tariff would benefit U.S. industries, improve the economy, and address the harmful impacts of China's practices. They see it as a means to ensure fair global trade and by that protect American interests.

### *Cooperation:*

The need for global cooperation is emphasized on a lot in the data collected by the Republican Senators. However, in the Letter to the President of the U.S. Kevin Cramer & 18 other Republicans do not emphasize the CBAM as an opportunity for global cooperation and coordination in addressing climate change. Instead, it argues against the EU's unilateral action and calls for working together with other treaty allies, including the United States, to design a common approach to climate and trade policy. The focus is on urging the EU to collaborate with the United States and address the real problem of GHG emissions growth from China and other major developing economies (Cassidy, 2022). Kevin Cramer sees the need for consistent and harmonized rules and standards across countries to “reward our

producers and manufacturers the good word they do” (Cramer, 2022, para. 3). Cramer is furthermore criticizing the EU’s unilateral action, which goes against the potential for cooperation on climate policy. He does instead call for collaboration with like-minded nations, to develop a trade-centered approach that rewards high environmental performance (Cramer, 2023).

### **5.2.2. Framing of the Democrat Senators**

The analysis is based on public testimony and statements and interviews by Senators Sheldon Whitehouse and Chris Coons, but also includes the legislative proposals submitted by the respective senators. In July 2021, Senator Chris Coons introduced the “Fair, Affordable, Innovative, and Resilient (FAIR) Transition and Competition Act.” And in June 2022 Senator Whitehouse introduced the “Clean Competition Act” (Coons, 2021; CSIS, 2022; United States Senate, 2022). The analysis of the framing of the Republican senators will be analyzed using the established coding scheme.

#### *Identity and climate leadership*

Senator Whitehouse consistently frames the EU CBAM as a good policy and emphasizes the need for the United States to match or surpass it with its own carbon border adjustment plan (United States Senate, 2022). He presents the CBAM as an opportunity for the United States to demonstrate climate leadership and promotes global cooperation in adopting similar measures to lower emissions (CSIS, 2022). In his perspective “The United States should not complain about the EU CBAM”, but rather match or beat it with its own carbon border adjustment plan (United States Congress, 2022, p. 12). He also calls for other countries, such as the United Kingdom (UK), to adopt similar measures, highlighting the need for global cooperation in lowering emissions (United States Senate, 2022). For him, CBAM can serve as a catalyst for the U.S. to regain climate leadership by taking proactive measures to address climate change. While the statements do not explicitly mention sustainable development, the emphasis on carbon pricing and carbon border adjustment mechanisms aligns with the goal of promoting sustainable economic growth. Both Senator Whitehouse and Coons recognize the EU CBAM’s benefits and see the need for the U.S. to respond proactively by introducing its own carbon pricing legislation (BCA) (Coons, 2021; United States Senate, 2022; CSIS, 2022). They view the EU CBAM as an opportunity for the U.S. to showcase climate leadership and promote sustainable economic growth. By introducing its own BCA, they believe the United States can position itself as a leader in addressing climate change and incentivize the adoption of cleaner technologies worldwide.

#### *Administrative and Policy Priorities*

Senator Whitehouse stresses the significance of carbon pricing and connecting it to carbon border adjustment, which he believes would bring huge net value to the American economy and create incentives for lower carbon manufacturing (United States Congress, 2022). Whitehouse also supports the EU CBAM as a good policy, suggesting that the United States should match or beat it with its own

carbon border adjustment plan to make American companies more globally competitive and attract jobs and manufacturing (United States Congress, 2022). Similarly, Senator Chris Coons emphasizes the importance of international cooperation, clean energy innovation, and economic opportunities in addressing climate change (Siegel, 2022). These statements highlight the administrative and policy priorities of transitioning to clean energy, promoting innovation, and fostering job creation in the U.S.

The unsuccessful act pushed by Democratic senators also sheds light on the theme of "Administrative and Policy Priorities" by emphasizing their focus on climate change, clean energy innovation, and job creation. The "FAIR Transition and Competition Act" of 2021, introduced by Senator Chris Coons and Representative Scott Peters addresses the potential disadvantage faced by U.S. businesses due to carbon-related tariffs imposed by trading partners. It establishes a BCA to account for the costs incurred by U.S. companies in complying with GHG emission regulations. "The adjustment will generate revenue to support communities in adapting to severe weather events and investing in emission-reducing technologies" (Transition and Competition Act, 2021). Additionally, the act emphasizes the flexibility to evolve the policy to meet climate goals and support U.S. workers.

#### *Trade Barriers and Realism*

The statements from Senators Whitehouse and Coons do not indicate an emphasis on trade protectionism or concerns about disguised trade barriers.

#### *Cooperation*

In their statements, both Senators Whitehouse and Coons highlight the importance of global cooperation and the establishment of common rules and standards in addressing climate change through the EU CBAM (Coons, 2021; CSIS, 2022). Senator Whitehouse emphasizes the need for a "common carbon-pricing platform with a common tariff to the rest of the world in order to enter our markets", consisting of the U.K., the EU, the U.S., and Canada. (CSIS, 2022, para. 43). He furthermore sees this as a "massive, massive economic incentive" to drive the transition to cleaner industries globally. (Center for Strategic Studies, 2022, para. 44). Whitehouse also believes that a well-designed CBAM/BCA can prevent polluters from evading carbon pricing by crossing borders. He stresses that a carbon border adjustment regime will drive decarbonization efforts not only in the EU but also in countries like China and India (United States Congress, 2022). Senator Coons acknowledges the gap in approaches between the EU CBAM and the United States, which favors subsidies and regulations over an explicit carbon price. He suggests that active negotiations and a BCA mechanism "would help harmonize economic approaches to decarbonization" (Siegel, 2022, para. 3). Both senators view the CBAM as an opportunity for multilateral cooperation and the establishment of common rules and standards to address climate challenges on a global scale. They express support for the EU CBAM and call on the United States to match or surpass it with its own carbon border adjustment plan. (Coons, 2021). They also emphasize the importance of international partnerships and alliances in tackling climate change (Coons, 2021).



### **5.2.3. Conclusion of the Legislative**

The data shows that Republican Senators prioritize protecting American businesses and jobs, advocating for fair competition, and viewing the EU CBAM as a potential trade barrier. Democratic Senators, on the other hand, emphasize the importance of adopting the BCA plan and promoting global cooperation in reducing emissions. These findings suggest that both groups' framing of the EU CBAM is influenced by their administrative and policy priorities, providing support for Hypothesis 1a (H1a) within the constructivist framework. In summary, the analysis indicates that the framing of the EU CBAM by Republican Senators is influenced by concerns about trade barriers, fair competition, and protection of American businesses and jobs, rather than solely their identity as a global climate leader. Democratic Senators, on the other hand, align their framing of the EU CBAM with their perception of the U.S. as a climate leader and emphasize the benefits of CBAM/BCA mechanisms. This mix of frames reflects on the differing policy objectives of Republican and Democrat Senators. While Republican Senators focus on protecting American businesses and jobs, Democratic Senators prioritize global cooperation in reducing emissions. These varying opinions furthermore underscore the complex nature of policy discussions surrounding the EU CBAM.

### **5.3. Trade and Technology Council (TTC) Meetings**

During a summit held in June 2021, the EU-U.S. Trade and Technology Council (TTC) was established with the objective of rejuvenating collaboration between the two entities. The primary goals included enhancing bilateral trade and investment, reinforcing technological and industrial dominance, and upholding common values (Szczepanski, 2023). While it is acknowledged that TTC meetings involve both the EU and the U.S., I use the documents of the TTC because the joint statements reflect the perspectives, interests, and priorities of the U.S. government. This section will present the results of the analyzed documents of the Trade and Technology meetings. The documents were filtered for sections that regard climate change and or trade.

#### *Identity and climate leadership*

In the discussions between the EU and U.S. in the TTC meetings, both parties highlight their “shared desire of tackling climate change” (European Commission, 2022c, p1). This positions both parties as climate leaders. Furthermore, the documents highlight the importance of sustainable development and the promotion of economic growth while at the same time addressing climate challenges. The EU and the U.S. collaborate through the Transatlantic Initiative on Sustainable Trade, which focuses on decarbonizing industries, promoting green public procurement, and ensuring secure supply chains (European Commission, 2022a; 2022c). This initiative shows their joint efforts to support the transition toward a sustainable economy.

#### *Administrative and Policy Priorities*

EU-U.S. Joint Statement highlights the launch of a Transatlantic Initiative for Sustainable Trade which has the goal of exploring areas of cooperation that can “measurably decarbonize energy-intensive industries and facilitate the deployment of goods and services essential to the transition to circular and net-zero economies” (European Commission, 2022c, p1). Additionally, the data reveals the importance of “strong, secure, and diverse supply chains that benefit businesses, workers, and consumers on both sides of the Atlantic”. (European Commission, 2022c, p. 6). The joint statement emphasizes the role of the TTC in supporting a successful and mutually supportive green transition with strong supply chains. This indicates consideration of domestic policy, such as economic interests and job creation.

### *Trade Barriers and Realism*

Furthermore, the data reveals discussions addressing various trade-related challenges, including economic coercion, trade protectionism, and the potential impacts on economic interests. The EU raises “strong concerns” related to the discriminatory provisions and distortive subsidies of the IRA, emphasizing the need for the U.S. to address these concerns constructively (European Commission, 2022c, p. 1). Furthermore, there is a focus on avoiding unintended consequences of domestic requirements which in turn could create unnecessary barriers to trade and investment, particularly in “relation to environmental, health, digital, and high-tech sectors” (European Commission, 2022a, p. 43). The data also highlights the need for an exchange of information to implement environment-focused trade agreements. These patterns show the balance between protecting domestic industries and promoting sustainable trade.

### *Cooperation*

Within the documents of the TTC, it is evident that a great emphasis lies on cooperation in tackling environmental challenges. The data in several instances show that policymakers emphasize the need for multilateral cooperation and the establishment of common rules and standards. To “Cooperate and jointly support work in international fora to promote a stronger alignment on trade and climate/environmental matters in an inclusive manner.” (European Commission, 2022a, p. 46). The Transatlantic Initiative on Sustainable Trade between the U.S. and the EU is launched to enhance the support for the transition to lower the carbon emissions of both economies. The EU and U.S. express their intentions to cooperate and jointly support work in international fora, and use “existing channels, such as the WTO (...) to discuss regulatory initiatives” (European Commission, 2022a, p. 42). And by that foster a better understanding of trade's role in meeting climate goals. Also, the aim to better exchange information and more coordinated implement environment-related provisions in their trade agreements to enhance common objectives in sustainable fisheries management was expressed (European Commission, 2022a; USTR, 2021a). These patterns in the data demonstrate the recognition of global challenges and the commitment of the EU and U.S. to work together, establish common approaches, and promote cooperation on climate and environmental matters.

## **6. Interpretation**

The following section presents my interpretations of the findings derived from the analysis of this study. Building upon the data and evidence presented earlier, this section aims to link the findings to the theories that were presented earlier and accept or reject the hypotheses. This will finally lead me to answer the research question conclusively. To provide a structured interpretation of the analysis, I will assess each hypothesis individually and identify corresponding evidence within my findings. Beginning with Hypothesis 1, and 1a, followed by Hypothesis 2, and concluding with Hypothesis 3, I will examine the points in my analysis that support or contradict the formulated hypotheses.

### **6.1 Hypothesis 1 and 1a (Hard- and Soft Constructivism)**

Based on the analysis, it is apparent that the U.S. actively asserts its commitment to climate leadership as an integral part of its identity. This is confirmed by the fact that the theme "*Climate leadership and identity*", was clearly strong at all the levels (legislative, executive, and TTC meetings) examined. The findings of the analysis can be linked to the theoretical framework of Hard constructivism, highlighting the role of identity, norms, and social interactions in shaping state behavior and interpretation of events. The emphasis on climate leadership and environmental sustainability by the U.S. Trade Representative aligns with the constructivist idea that state behavior and interpretation of events are influenced by shared ideas rather than solely determined by material forces (USTR, 2021a; 2023). By placing great importance on raising global climate action and supporting the Biden Administration's vision of reducing GHG emissions, the U.S. Trade Representative is demonstrating a recognition of the social and normative aspects of international relations. Furthermore, the findings suggest, that the executive body of the U.S., in form of the USTR is actively engaged in shaping the discourse surrounding climate change and positioning the United States as a leader in this field (USTR, 2023).

The findings support the notion of Hypothesis 1 that a state's identity and perception of itself as a global leader in climate action influence its framing and interpretation of events. Especially the documents analyzed by the U.S. Trade Representative underscore this. Republican Senators also identify the U.S. as a climate leader but criticize the EU CBAM for setting standards without U.S. involvement. However, no clear U.S. position on CBAM emerges from the ones I have analyzed. The data does not show that the U.S. explicitly supports the European push for a CBAM because of its conviction to address climate change. However, the data does not reveal any fundamental opposition or criticism of the EU's approach, which would support the hypothesis again.

Regarding H1a the findings suggest that also administrative and policy priorities shape the actions of the U.S. in terms of climate and trade policy. Factors like employment opportunities in the clean energy sector and the fostering of innovation are of importance. This aligns with the Soft Constructivist

perspective that states are active actors who interpret and selectively incorporate international norms into their decision-making processes based on their domestic interests and motivations. The findings partially support Hypothesis 1a, since my findings support the fact that administrative and policy priorities beyond identity, such as promoting clean energy jobs and innovation are of interest regarding the U.S. foreign policy action. However, it also applies to this hypothesis that the data does not show any explicit support for the EU CBAM which is needed to fully accept the Hypothesis.

## **6.2. Hypothesis 2 (Realism)**

Based on the findings of the analysis of the U.S. Trade Representative's documents and the framing strategies of Republican and Democratic Senators, as well as the TTC meetings this section aims on evaluating the alignment with the theory of realism and assess the acceptance or decline of the H2.

The findings from the U.S. Trade Representative's documents indicate a strong emphasis on identity and climate leadership, administrative and policy priorities, global cooperation, but lack of explicit mention of trade barriers and realism. The absence of explicit mentions of trade barriers and realism suggests a rather cooperative approach to addressing climate change and environmental sustainability. Realism, as a theory, emphasizes self-interest and the pursuit of power, which could involve protecting national industries and prioritizing economic interests (Gilpin, 1987). However, the documents analyzed focus more on the cooperative aspects of addressing climate challenges and establishing high-standard global rules rather than discussing trade barriers or protectionist measures. Turning to the framing of Republican Senators, emphasizes protecting American businesses and jobs and advocates for fair competition (Rubio & Cramer, 2022; Cramer, 2023) Republican Senators do view the EU CBAM as a potential trade barrier and protectionism, highlighting the need for collaboration and coordination among like-minded nations (Cramer, 2023). This aligns with the theory of realism, as it prioritizes national economic interests and potential negative impacts on domestic industries. On the other hand, however, the U.S.'s move to enact the IRA and the statements made by Republican senators have revealed that the state's economic "hard" interests do matter in the international system. Democratic Senators support the EU CBAM and view it as an opportunity for the U.S. to demonstrate climate leadership. In conclusion, while some aspects of the findings align with the theory of realism, such as the emphasis on national economic interests and fair competition, the overall focus on climate leadership, global cooperation, and the absence of explicit mentions of trade barriers and realism suggest a more cooperative approach. Therefore, the hypothesis that the U.S. framing of the EU CBAM would primarily prioritize its own economic interests and view it as a new form of trade barrier is not supported by the findings. The U.S. Trade Representative and Democratic Senators, as well as the general notion in the TTC meetings, prioritize addressing climate change and promoting global cooperation, which indicates a recognition of shared responsibilities that lies beyond pure self-interest.

### **6.3. Hypothesis 3 (Functionalism)**

This section describes how the findings from the analysis of the U.S. Trade Representative's documents, the perspectives of Republican and Democratic Senators, and the TTC meetings can be linked to the theory of functionalism in international relations.

Functionalism tries to explain cooperation among states through the establishment of common institutions which in turn lead to mutually beneficial outcomes (Keohane, 1984). Furthermore, it acknowledges that cooperative efforts between states can address global challenges and drive integration. Firstly, the analysis of the U.S. Trade Representatives documents indicates a strong emphasis on the use of international institutions facilitating cooperation to achieve environmental sustainability and global climate action. Already existing institutions, such as the WTO or OECD should according to the U.S. be used to coordinate climate action between the U.S. and the EU (USTR 2021a; USTR, 2023; European Commission, 2022a). But also new bilateral agreements such as the Global Arrangement on Sustainable Steel and Aluminum should provide a platform on which cooperation and coordination between the EU and the U.S. can be achieved (USTR, 202). These findings align with the functionalist perspective of promoting common rules and institutions. This emphasis on addressing climate change and setting specific goals reflects the idea of functionalism that cooperation among states can lead to mutually beneficial outcomes.

The perspectives of Republican and Democratic Senators can also be linked to functionalism. While there are differences in their views on the EU CBAM, both groups acknowledge the United States' role as a climate leader and the importance of international cooperation. Republican Senators criticize the EU CBAM for setting standards without U.S. involvement, suggesting the need for collaboration and coordination among like-minded nations (Cramer, 2022; 2023). Democratic Senators support the EU CBAM as an opportunity for the U.S. to demonstrate climate leadership and advocate for global cooperation in lowering emissions (CSIS, 2022; United States Senate, 2022). Both perspectives recognize the significance of collective action and working together to address climate challenges, which aligns with the functionalist idea of cooperation among states to achieve common goals.

The emphasis on cooperation and engagement with international institutions reflects the functionalist view that cooperation among states through common rules and institutions can address global challenges and promote mutual benefits. Based on these findings, it is reasonable to accept the hypothesis that the U.S. perceives the EU CBAM as a step into the right direction regarding global cooperation and a solution to the realist problem of setting common rules for addressing climate change. The emphasis on cooperation and the formulated goal to use international institutions for that, align with the functionalist perspective.

#### **6.4. Acceptance or Rejection of the Hypotheses**

Based on the analysis of various sources, including the U.S. Trade Representative's documents, Republican and Democratic Senators' perspectives, and the TTC meetings, certain Hypotheses can be accepted while others are rejected. Hypothesis 1, which explores the influence of identity and perception of climate leadership on state behavior, is supported by the findings, can because of the lack of explicit mentioning of CBAM only partially be accepted. The U.S. Trade Representative's emphasis on climate leadership and environmental sustainability aligns with the constructivist idea that state behavior is shaped by shared ideas rather than purely material forces. Hypothesis 1a, which considers administrative and policy priorities as motivators for state identity and subsequently can be considered a driver for state action, is partially supported as the findings indicate the importance of factors like clean energy jobs and innovation, however also here no explicit support for the EU CBAM is found, which partially rejects the hypothesis. Hypothesis 2, related to the realist perspective and prioritization of economic interests, is rejected since the focus is more on climate leadership, global cooperation, and the absence of explicit mentions of trade barriers and realism. Finally, Hypothesis 3, which aligns with functionalism and cooperation among states, is accepted as the emphasis on identity, policy priorities, and engagement with international institutions reflects the functionalist view that cooperation can address global challenges.

#### **7. Conclusion**

The goal of this research was to show how the U.S. frame the EU CBAM. To do so various data sources were analyzed and a qualitative content analysis was employed. The research design used triangulation for data collection, drawing from three primary sources: executive documents, legislative statements, and U.S.-EU-TTC meetings. The analysis of executive documents, of the U.S. Trade Representative, provided insights into the U.S. government's priorities regarding its framing of CBAM. Legislative documents, such as statements, hearings, interviews, and opinion articles by U.S. senators, captured the divergent views on cooperation with the EU, from different party affiliations. Additionally, analyzing documents from TTC meetings shed light on the U.S. government's interests, strategies, and position on the CBAM within the context of trade and technology policies.

The analysis from three primary sources highlights that the U.S. actively asserts its commitment to climate leadership as an integral part of its identity. The U.S. Trade Representative emphasized climate leadership and environmental sustainability, additionally, administrative and policy priorities, such as promoting clean energy jobs and innovation, were detected in the analysis. While Republican Senators expressed concerns about the potential trade barrier implications of the EU CBAM, the U.S. Trade Representative and Democratic Senators prioritized addressing climate change and promoting global cooperation, indicating a recognition of shared responsibilities beyond self-interest. The analysis reveals that the findings exhibit tendencies from all three proposed theories of international relations. The

emphasis on climate leadership and environmental sustainability by the U.S. Trade Representative and the Democrat Senators aligns with the constructivist idea that state actions are influenced by shared ideas rather than solely determined by material forces. This suggests that the United States sees itself as a global leader in climate action and prioritizes climate leadership in its framing of the EU CBAM. The analysis revealed little that can be explained by the theory of realism. Only the framing of the Republicans contains passages that can be allocated to the theory of realism. The analysis also highlighted the functionalist perspective, which emphasizes cooperation among states through common rules and institutions. The U.S. Trade Representative's emphasis on identity, policy priorities, and engagement with international institutions reflected the functionalist view that cooperation can address global challenges. The launch of the Transatlantic Initiative on Sustainable Trade during the TTC meetings further demonstrated the importance placed on cooperation and the use of international institutions.

To conclude: the analysis findings suggest that the U.S. perceives the EU CBAM primarily as a tool for climate leadership, rather than a trade barrier disguised as global warming. The findings of the analysis did not indicate that the U.S. views the European Union's initiative as disguised protectionism and criticizes it on those grounds. The criticism mainly revolves around the perception that the U.S. believes it is not adequately involved in the instrument. Therefore, the U.S. call for a more cooperative stance of active involvement in the decision-making process. Overall, these results suggest that the U.S. favors a collaborative approach, and based on my results it seems unlikely that the U.S. would oppose the EU CBAM. Instead, it seems much more likely that the EU CBAM has brought the U.S. one step closer to introducing its own U.S. BCA. However, the exact nature of this potential BCA is still unclear.

Although efforts were made to minimize limitations, there are still some constraints in the study. Qualitative data has the limitation of not being easily analyzed statistically, this enhances the chance of a bias. The implementation of a coding scheme has partially mitigated this limitation, making the research more transparent and retraceable, however, a complete elimination of this constraint cannot be achieved. Furthermore, the number of documents analyzed is too small to make a robust and conclusive statement about the positions of the stakeholders. Given the limited scope of this thesis external factors like interest groups, and lobby organizations, that potentially influence the actor's framing, were not included in the research. With respect to further research, the role of other major actors, such as China or Russia, and their framing of the EU CBAM could be explored. The framing of these countries will probably be more sharply in their framing of the EU CBAM, considering that these countries are economically severely more impacted by the EU CBAM than the U.S.

The societal significance of this thesis is evident, as the U.S. response to the EU CBAM represents a milestone for the success of the EU CBAM. Therefore, the analysis of framing by different actors in the U.S. holds is of high importance. Because a successful implementation of the CBAM would have far-reaching consequences for global climate governance as well as transatlantic trade relations. The

findings of this thesis can provide an overview to policymakers and other actors involved, working with the EU CBAM or in the field of international carbon pricing. This thesis provided valuable insights, both regarding the specific topic of the U.S. framing of the EU CBAM and also meaningful observations for understanding international cooperation in addressing climate change.



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