Summary of Climate & Freedom Accord Provisions:

WHEREAS innovation is the key climate solution, and free markets produce the fastest rate of innovation at scale, the Accord would obligate a country to implement the following policies:

- Guarantee classic human, economic and property rights for all, and effective rule of law.
- Phase in competitive markets. Simplify permitting. Deregulate restricted markets. Electricity markets should resemble the fully competitive Texas model, plus robust interconnections with electricity trading between adjacent Accord markets. Empower private partnerships to self-power, to build their own power plants with few permissions required from governments or existing utilities.
- Phase out state owned enterprises and government appointed private monopolies in the **five high GHG sectors** that account for nearly 80% of human-caused emissions: **transportation, energy, electricity, industry, real estate**.
- Phase in free trade. No tariffs/quotas among CFA nations. (Strategic exceptions TBD.)
- Phase out of all conventional wealth transfer subsidies that pick winners and losers for the above listed high GHG sectors and agriculture.
- End carbon pricing, carbon taxes, emissions trading systems, except where voluntary.
- Set all tax rates at, or below, OECD average as of an agreed upon date.
- Full expensing for all capital investments and R&D.
- Allow **Rapid Innovation Funds (RIFs)**: private tax exempt debt (no tax on interest) financing PP&E and conservation expenses, across borders. A big carrot for freedom.
- RIFs and full expensing reduce the cost of new investment, which speeds the adoption of new technology, and so accelerates both capital investment and innovation.
- Phase in the use of **Decarbonization Tax Cuts (DTCs)** in the five high GHG sectors. Nations can determine for themselves where and how equity DTCs (or equity Clean Tax Cuts (CTCs) for other pollution) are applied, but they must follow basic equity CTC design rules: only use tax rate cuts on business and/or investor income that reward a clear technology-neutral metric of emissions, pollution or waste reduction; don't pick winners and losers; don't target qualified technologies; don't transfer wealth.
- <u>Example</u>: the lower the fleet emissions, the lower the auto company tax rate, down to X%.
- DTCs act as a reverse carbon tax: a **decarb detax**.
- DTCs drive RIF-accelerated capital flows towards decarbonizing innovation.
- Phase in the use of US style charitable tax deductions, including for conservation and public access easements, and allow direct international tax-exempt donations, across borders, to charities approved by any Accord nation.
- The majority of land and natural resources shall be privately owned or managed for purposes of conservation, responsible development, and public enjoyment of nature.
- Where a constitution gives ownership of natural resources to a jurisdiction, Accord nations agree that true ownership vests in the citizens of that jurisdiction, who shall have a right to enjoy those natural resources, including collecting royalties, as in Alaska, from the competitive private development of those resources, under rules determined by a democratic assembly, elected by those citizens.
- Accord nations shall exempt each other's citizens and firms from environmental trade restrictions, CBAMs, carbon tariffs, or CFA-related Global Minimum Tax penalties, and agree to collectively oppose such impositions by any other nation.
- Accord nations can also implement a number of CTC variations at their own discretion:
    - **Demonopolization Tax Cuts** – to encourage the shift to competitive markets
    - **Game Changer Tax Cuts** – to increase the rewards for breakthrough innovation
    - **First Five Tax Cuts** – to increase rewards for new zero emission plant designs
    - **Equity CTCs** – to reduce other waste, pollution, mining externalities, etc.

The Climate & Freedom Accord has emerged from three policy innovation workshops facilitated by the Climate & Freedom International Coalition, and convened by the Austrian Economics Center and Students for Liberty.