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# Pricing Effluent into the US Auto Industry

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## EXECUTIVE SUMMARY

*In this paper, three scenarios of market pricing based auto regulation policy are examined. In scenario A, an incremental price based tax is fully levied on the consumer. Consumer surplus is reduced by about 116.5 billion, and producer surplus is increased by \$8.5 billion. In scenario B, an incremental price based tax is fully levied on the producer. Consumer surplus is unchanged and producer surplus is decreased by \$91.5 billion. In scenario C, an incremental price based tax is shared 50-50% between consumer and producer. Consumer surplus is increased by \$ 58.7 million and producer surplus is decreased by about \$50 million.*

**Keywords:** Sustainability pricing, Automobile pricing, Auto industry, Carbon footprint.