

CLC statement on EU Carbon border adjustment mechanism

We appreciate a possibility to deliver views of Climate Leadership Coalition (CLC) regarding a Carbon Border Adjustment Mechanism. CLC supports the climate neutrality target of 2050 for the EU. We also think that the EU ETS is an efficient tool to reduce carbon emissions in the energy and industrial sectors.

Relating to border Carbon Border Adjustment Mechanism CLC has following comments:

- Ensuring a level-playing field is important. If there is evidence of unfair competition, the first action to level the playing field should be to find ways to help the EU's trade partners to improve their policies, for example by implementing carbon pricing and promoting the trade of climate-friendly goods and services.
- Other possible actions could include using new and existing regional trade agreements (RTAs), holding talks with like-minded WTO Members, including climate-related issues in the WTO Trade Policy Review Mechanism (TPRM) and border carbon adjustments (BCA) for those sectors that cannot be leveled otherwise.
- It should be evaluated how trade policies and agreements could be utilized in this, starting from those sectors that cannot be leveled otherwise.

CLC would also like to high-light that in addition to level playing field of the European companies in the main market areas also negative climate impact of imported goods into the Union had to be tackled somehow. According to the [Global Carbon project](#), the contribution of imports has been reported as significant since 1990 (Figure 1). In the future, when EU climate policies will tighten, the contribution of imports may grow. CLC proposes that this problem would be considered at the same time with Carbon Border Adjustment Mechanism. The best way to tackle this is to push for a global coalition that works together on the implementation of the Paris agreement.

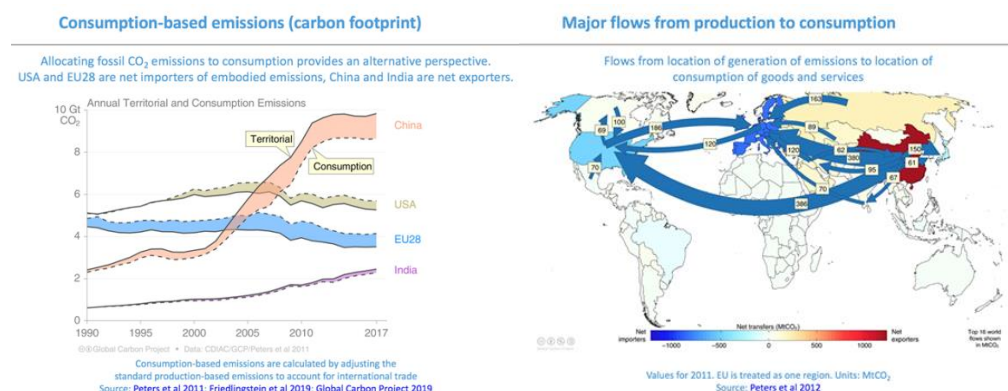


Figure 1. Consumption-based emissions and major flows from production to consumption (Global Carbon Project)

Climate Leadership Coalition (CLC) is a non-profit organization committed to the pursuit of carbon-neutrality through the sustainable use of natural resources. The purpose of CLC is to promote the sustainability of businesses, city planning strategies and activities of research organizations towards more sustainable and resource efficient models. CLC enhances its members' ability to respond to the threats posed by climate change by sharing information, ideas and best practice solutions. We make proposals to governments and other stakeholders to harness the market economy in a more sustainable direction and to attract sufficient investments for such a transition. CLC believes that green transition can be economically beneficial, and therefore financeable, and that early adapters can benefit and become more profitable.

CLC currently has 68 organizational and 25 personal members (as of March 2020).

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