
CEEP INPUT TO THE ROADMAP ON THE CARBON BORDER ADJUSTMENT MECHANISM

CEEP, the European Centre of Employers and Enterprises providing Public Services and Services of General Interest (SGIs), welcomes the initiative to respond to the improvement of the carbon border adjustment mechanisms by the European Commission. When achieving our climate goals and to realise the ambition to reach climate neutrality by 2050, it is vital that all Member States take the necessary responsibility and actions in reducing their carbon emissions.

For CEEP, the principle of a carbon border adjustment between EU and its partners is seductive as a climate tool promoting decarbonised products inside Europe and avoiding carbon leakage of industries out of Europe preventing competition with imported products that would be less expensive but heavily carbonised. Nevertheless, the practical implementation of such a tool implies a long path of difficulties: Which industrial sectors? How to define the carbon content of products at the border? Which compliance with the WTO rules? How would react EU trading partners? How to ensure a coherency between a carbon border adjustment mechanism and the EU-ETS, keeping in mind that this example is a fragile construction as the sudden decrease of its price during the present corona virus crisis shows it.

CBA is a solution to explore especially for simple products, yet CEEP would like to recall that if the idea is to create a European decarbonised industry, the CBA could be combined with other solutions to build a decarbonised internal market in which the industry would find buyers for their products. CEEP invites the Commission to propose and explore these solutions as they have been developed in the recent Agora Energiewende report “Climate-Neutral Industry ».

Finally, CEEP underlines that decarbonisation will require huge investments in many industrial sectors. There is a major role for the EU to accompany this transition to support R&I and by reducing risk of investors in a climate friendly framework for the industry.