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BUSINESSEUROPE COMMENTS CARBON BORDER ADJUSTMENT MECHANISM INCEPTION IMPACT ASSESSMENT

BusinessEurope is grateful for the opportunity to provide comments to the inception impact assessment of the carbon border adjustment (CBA) mechanism under the EU Green Deal.

CBAs are arguably a sensitive measure and BusinessEurope at this point does not take a position for nor against it. That said, we expect that the EU Emissions Trading System (EU ETS) is and should remain the key market-based instrument for Europe's industries and power sector to cost-effectively reduce their GHG emissions. This includes the system of free allowances that provides the key stimulus for industry installations under the EU ETS to be amongst the best in class and the compensation of indirect ETS costs. Replacing the existing carbon leakage measures by an untested mechanism could create considerable uncertainties and risks for the European industry.

Therefore, we call on the European Commission to include at least one scenario in its impact assessment where a CBA mechanism co-exists with the existing carbon leakage measures.

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