

Opinion of the Korean Steel Industry on the EU CBAM Implementing Regulation

2024. 11. 26., Korea Iron and Steel Association

<Introduction>

The Korea Iron and Steel Association represents the Korean steel industry and has a total of 45 steel companies and distributors as members. Regarding the two EU CBAM(Carbon Border Adjustment Mechanism) Implementing Regulations* announced on October 30 and 31, 2024, our association would like to submit the following opinions to the EU Commission on behalf of the Korean steel industry.

* Authorizing CBAM declarant('24.10.30), Establishment of CBAM registry('24.10.31)

On July 14, 2021, the 'EU CBAM' legislative bill with the goal of carbon neutrality in the European continent was finalized in the EU Parliament in April 2023. The purpose of the bill is to alleviate concerns over carbon leakage due to differences in carbon regulation levels between countries. The Korean steel industry recognizes the need for global carbon reduction and has been communicating and cooperating with the EU Commission closely through interviews and submission of official opinions on the CBAM and its implementing regulation.

The above CBAM implementing regulations contain some unreasonable and uncertain elements in the detailed procedures. This will significantly increase the economic and administrative burden on exporters from third countries, and will cause uncertainty in trade and industry between the two countries.

Accordingly, the Korea Iron and Steel Association strongly urges that smooth trade relations and mutually complementary industrial structures between the two countries can be maintained by resolving uncertainty through the review of the EU's CBAM implementing regulations.

〈Main Opinion〉

1. Necessity to shorten the review and approval period for CBAM declarant application

According to Article 4 of the Authorizing CBAM declarant Implementing regulation, the CBAM authority can review the declarant application submitted by the importer for 120 days. In addition, according to Article 5 of the same regulation, if there are additional documents requested by the CBAM authority, the review period can take up to 180 days from the date of application. In addition, there is no specific period for the reassessment of declarant qualification under Articles 19 and 20 of the same regulation.

This application review and approval period is considerably excessive, as it could take up to 6 months from application to final approval if an issue such as a change in the declarant arises during the definitive period('26~), which could restrict imports during that period. In addition, in order to import products subject to CBAM without a hitch from January 1, 2026, the declarant approval procedures for importers must be completed by then. However, considering the number of importers in the EU, application documents, and review period, there are concerns that not all applications may be approved by 2025.

Accordingly, the Korean steel industry requests a shortening of the absolute review and approval period, temporary import permits when the review period is exceeded, simplification of the review procedure for applications as a declarant for importers who faithfully continued fulfilling their reporting obligations during the transition period('23.10~'25), and specification of a declarant qualification reassessment period.

2. Necessity to specify the types of information that third-country producers can enter directly into the registry

According to Article 10 of the Establishment of CBAM registry Implementing regulation, third-country producers can directly enter basic information such as company name, address, and business

registration number, as well as information on production facilities and products, into the registry. This can also be confirmed through the 'EU CBAM Q&A' released on October 24, 2024.

However, since the types of sensitive information (emissions information, etc.) that third-country producers can directly enter are not specified in detail in this regulation, confusion may arise in carrying out future work.

To avoid the above confusion, the Korean steel industry requests the EU Commission to provide specific details on the types of sensitive information that third-country producers can register directly.

3. Other Suggestions

There were instances in the early transition period where technical faults within the registry caused difficulties in CBAM reporting. Accordingly, we request that the EU Commission prevent technical faults in a series of computer work processes, such as submitting the declarant application and uploading data from third-country producers.

As mentioned above, the Korea Iron and Steel Association presents its opinion to the EU Commission on behalf of the Korean steel industry on the EU's CBAM Implementing Regulations.