



Federation of the European  
Sporting Goods Industry

## **FESI comments to the Inception Impact Assessment “Carbon border adjustment mechanism”**

FEDERATION OF THE EUROPEAN  
SPORTING GOODS INDUSTRY

**CORPORATE RESPONSIBILITY  
STEERING COMMITTEE**



*Brussels, 27 March 2020*

On 4 March 2020, the European Commission [published](#) the Inception Impact Assessments “Carbon border adjustment mechanism”. FESI welcomes the possibility to provide comments to the Inception Impact Assessments and would like to take this opportunity to present its view on the different options put forward by the European Commission.

FESI is strongly committed to sustainability and it believes that taking action to mitigate climate change is of crucial importance in the years to come. The sporting goods industry is an industry that already takes the environmental impact of its products and supply chain seriously. Many FESI members have signed the [UN Fashion Industry Charter for Climate Action](#), whereby they voluntarily commit to setting and meeting internal targets on renewable energy and energy efficiency in line with the Paris Agreement and rapidly scaling up energy efficiency and emission reduction programmes; to working collaboratively to develop emission-reduction pathways, work programmes, and tools necessary to achieve their emission reduction targets; and to investing in sustainable production and related technologies. Some FESI members have also signed [The Fashion Pact](#), committing – among others – to stopping global warming and supporting the efforts under the UN Fashion Industry Charter.

### **Type of policy instrument**

The European Union is currently deploying two key trade policy instruments to ensure a free and fair trade: progressive free trade agreements, with ambitious and binding trade and sustainable development chapters, and the GSP. The EU’s trade policy is driving positive change, already contributing to lowering the environmental and social impact throughout supply chains.

The WTO compatibility of any instrument chosen is of utmost importance. The recent retaliatory measures targeting specific industries as a result of incompatible measures by various actors ought to be avoided. It is also important to underline that such measure shall not become a gateway for protectionism at the expenses of companies operating in the EU. Footwear and apparel imports are already burdened with some of the highest tariffs in the EU and across the world, especially when compared to other consumer products. FESI advises against adding additional customs duties on the import of such products, since it will put an increased burden on consumers.

Finally, policy coherence is crucial: there are currently inconsistencies within the EU's tariff structure. In some instances, the current tariff structure penalises the use of more sustainable materials in favour of less sustainable ones. Before considering any additional customs duty, FESI urges the Commission to address this incoherence.

### **Methodological approach to evaluating the carbon content and carbon pricing of imported products**

FESI believes that assessing different methodological approaches to evaluate the carbon content and carbon pricing of imported products will be essential in order to find the right tools to support the EU's objectives. While the EU ETS system is mentioned as a potential option, FESI recommends not to consider it as a one-size-fits-all solution by default. Alternative methodological approaches need to be identified and assessed, especially for sectors which are currently not covered by the EU ETS but might in the future fall under the scope of an EU Carbon Border Adjustment Mechanism.

### **Sectoral scope**

The selection of sectors subject to a potential EU Carbon Border Adjustment Mechanism will be an essential part of ensuring the effectiveness of this new measure. The risk of carbon leakage should be properly assessed, and the scope of the measure should prioritise sectors where the risk is higher. This will ensure that the initiative meets its purpose while avoiding imposing additional burden on other sectors.

It is important that the Commission combines any policy instrument together with measures to support the transition towards a carbon neutral continent. FESI recommends the Commission take technology-neutral measures and market-based incentives and create the space and opportunities for investments, research and innovation.

Finally, FESI strongly recommends the Commission carry out a thorough impact assessment. This shall be based on a study; stakeholders shall be properly consulted for and involved in such study, by also giving them enough time to provide comments and feedback. FESI will remain at full disposal for any enquiry the Commission might have.

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*Founded in 1960 FESI - the Federation of the European Sporting Goods Industry represents the interests of approximately 2,400 sporting goods manufacturers (85% of the European market) through its 11 National Sporting Goods Industry Federations and its directly affiliated member companies. 70-75% of FESI's membership is made up of Small and Medium Sized Enterprises. In total, the European Sporting Goods Industry employs over 700,000 EU citizens and has an annual turnover of some 81 billion euro.*