

FEEDBACK ON EU CARBON ADJUSTMENT MECHANISM

General Views

As part of the EU's Green Deal, European Commission drafted a "Carbon Border Adjustment Mechanism" to reduce the risk of carbon leakage for selected sectors and has initiated public consultation process, to receive feedback from all stakeholders. It is hereby presented following recommendations:

- Many non- EU companies (e.g. companies from Turkey) trading with the EU countries would be affected by the new strategy under Green Deal. In order to maintain the trade activities with the EU, the principles of the World Trade Organization and the foundations, principles, framework and measures of the Customs Union should be preserved,
- In terms of competitiveness, the implementation should not lead to legal uncertainty and ensure corporate planning security and long-term investment decisions,
- Possible measures should be based on a well-structured and detailed impact assessment which takes all environmental, economic and social aspects,
- There should be a mechanism which will facilitate access to the EU funds for Turkey for strengthening alignment with the Carbon Border Adjustment Mechanism, and Turkey should be included into envisaged Invest EU Programme.

Carbon Border Adjustment Impact Assessment Roadmap Document / Related Item	Feedback
<p>A. Context, problem definition and subsidiarity check</p> <p>Context</p> <p>(...)</p> <p>In this context, the European Green Deal emphasized that "should differences in levels of ambition worldwide persist, as the EU increases its climate ambition, the Commission will propose</p>	<p>According to 15.02.2019 dated Commission Delegated Decision (EU) 2019/708, sectors/subsectors deemed at risk of carbon leakage for the period 2021 to 2030 are published. When the commission delegated decision, document is examined there are nearly 60 sectors and subsectors. It should be clearly identified which selected sectors will be included in the mechanism.</p> <p>The planned mechanism should not focus on investigating the complex value chain of goods which will cause excessive/unnecessary administrative burden. For instance, the mechanism should not aim calculating the carbon content of an end product, if it consists of selected products within its value chain.</p>

<p>a carbon border adjustment mechanism, for selected sectors, to reduce the risk of carbon leakage”.</p> <p>(...)</p>	
<p>Problem the initiative aims to tackle (...)</p> <p>In this context, a carbon border adjustment mechanism would ensure that the price of imports reflect more accurately their carbon content. The measure would need to be designed to comply with World Trade Organization rules and other international obligations of the EU. It would be an alternative to the measures that currently address the risk of carbon leakage in the EU’s Emissions Trading System (“EU ETS”).</p> <p>(...)</p>	<p>In terms of Customs Union between Turkey and EU, a constructive policy dialogue and cooperation regarding the implementation of a possible and applicable carbon mechanism should be taken into account.</p>
<p>B) Objectives and Policy Option 1. Type of the policy instrument (...)</p> <p>Various options could include a carbon tax on selected products – both on imported and domestic products, a new carbon customs duty or tax on imports, or the extension of the EU ETS to imports.</p> <p>(...)</p>	<p>According to 15.02.2019 dated Commission Delegated Decision (EU) 2019/708, sectors/subsectors deemed at risk of carbon leakage for the period 2021 to 2030 are published. It should be clearly identified which selected sectors will be included in the mechanism.</p> <p>The planned mechanism should not focus on investigating the complex value chain of goods which will cause unnecessary administrative burden. For instance, the mechanism should not aim calculating the carbon content of an end product, if it consists of selected products within its value chain.</p>

2. Methodological approach to evaluating the carbon content and carbon pricing of imported products:

The methodological approach of determining the carbon content and carbon pricing of imported products will play an important role in the costs of the companies. Therefore, the EU should take into account the common but differentiated responsibilities approach defined in the Paris Agreement.