

AIEE a non-profit professional organization, the Italian affiliate of the International Association for Energy Economics – IAEE, is an interdisciplinary forum for the exchange of ideas and experiences among energy experts.

Response to the EU public consultation on Carbon Border Adjustment Mechanism Consultation

The Italian Association of Energy Economists considers essential this consultation and attaches it high importance. The EU, a world leader in the decarbonisation path, should create level playing field for European companies by defining a new structural industrial policy that can compensate for industry in terms of energy and environmental costs including circular economy.

With regard to the CO₂ emitted during industrial processes, AIEE supports the mechanism proposed by Prof. Agime Gerbeti, the “charge on added emissions”, already, the subject of a Resolution of the Italian Senate¹ (Doc. XXIV, n. 79) previously recognized by the technical structures of the Italian Ministry of Economic Development and the Ministry of Environment, as a viable proposal. Italy proposed and included this idea in the OSCE Parliamentary Assembly². In addition, the European Economic and Social Committee included in the document “The sectoral industrial perspective of reconciling climate and energy policies (own-initiative opinion)”³ adopted on 17/07/2019, reference: CCMI/167-EESC-2019, advises the Commission to deepen its reflection also on this proposal “a VAT rate adjusted to carbon intensity”.

The proposal, which could initially coexist with the current ETS, provides for the accounting of emissions by product on both European (already existing) and non-EU production goods. The attribution of an appropriate cost per tonne of CO₂ emitted and its valorisation within the VAT. This mechanism would entail a VAT increase on high emission products (for the moment coming from non-EU production characterized by an intense use of energy produced from coal). At the same time, this application will give a similar relief for those productions with low carbon content, such as European ones, which thanks to EU’s emission policies excel in terms of sustainability at world level.

It should be emphasized, that this proposal the “Charge on Added Emissions” puts the European consumer right at the centre of the process and makes him aware, through the evidence of the modulation of VAT based on emissions released during the production phase of the sustainability of the goods he is buying.

¹ Resolution of joint Committees X e XIII (Industry and Environment), approved at the conclusion of the examination of the deal assigned on competitive asymmetries for European industry deriving from low energy costs and low environmental standards in non-EU countries, 1 August 2017. Doc. XXIV, n. 79. Therefore, it received a positive opinion from the competent ministries.

² Minsk Declaration and Resolutions Adopted by the OSCE Parliamentary Assembly at the Twenty-Sixth Annual Session Minsk, 5 to 9 July 2017.

³ GUUE 2019/C 353/10. Parere del Comitato economico e sociale europeo su Conciliare le politiche in materia di clima e di energia: la prospettiva del settore industriale (parere d’iniziativa).



As you know, also the Spanish government expressed a similar position (2019): the ministers of Energy Teresa Ribera and of the Budget Maria Jesus Montero wrote a letter to EU Climate chief Miguel Arias Canete and Pierre Moscovici, the European commissioner in charge of taxation and customs, asking to evaluate the introduction of a tax with characteristics very close to the indicated proposal: a tax on imported goods that attributes a price to the CO₂ emitted to produce products in countries where environmental constraints are absent or less stringent.

The proposal for the “Charge on Added Emissions” dates back to 2013⁴ and is widely advanced in details compared to the similar proposals now under discussion, contemplating a voluntary participation and verification of the mechanism on non-EU industries - therefore it does not target countries but directly industries by proposing a common emissive standard (benchmark) - and by tracing emissive transactions with the tool now used to track monetary transactions: the blockchain.

Confident that our proposal will be taken into consideration, we remain at your disposal for further clarifications.

Yours Sincerely

Carlo Di Primio
AIEE President

⁴ A. Gerbeti, CO₂ in goods and European industrial competitiveness, Editoriale Delfino (2014) and A. Gerbeti, A Symphony for energy: CO₂ in goods, Editoriale Delfino (2015).