

Carbon border adjustment mechanism – Starch Europe contribution

1 April 2020 – Contribution to the EC Roadmap

Starch Europe raised at several occurrences that the stricter environmental policies implemented in the EU weigh on the competitiveness of the EU starch industry globally, and regrets the lack of a global playing field with other trade partners.

The EU starch industry is covered by the **Emission Trading Scheme Directive (ETS)**, and part of the Carbon Leakage List that identifies sectors at risk of relocation outside the EU, as a result of their high energy intensity and trade exposure. Starch Europe supports the continuation of the ETS and of the Carbon Leakage List until a relevant and at least equivalent Carbon Border Adjustment Mechanism (CBAM) is implemented.

As for all trade-related issues, Starch Europe is a strong supporter of a WTO-compatible **multilateral approach** to secure a fair trading environment, that benefits all trade partners. Until an international carbon market is agreed upon and implemented, proper carbon leakage measures must remain in place to protect the EU industry.

The **carbon content** of starch products falling under the same (8 digit) CN code can significantly differ. Benchmarks will need to be adjusted to assess the carbon content of starch products at a more precise level than 8-digit CN codes.

Finally, Starch Europe supports a mechanism that would correct the increasing competitiveness gap that currently results from the lower carbon emission allowances granted to sectors falling under the ETS. The mechanism should compensate for the cost of carbon emissions and take into account the energy efficiency and the sensitivity of sectors.