



The Carbon Border Adjustment Mechanism

*Perspectives from trade
unions*

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Outline

1. Why a CBAM?
2. Initial reaction to the EC proposal
3. Key requirements

1. Why a CBAM?

- International asymmetry when it comes to carbon pricing
 - Patchwork of (sub)national/regional systems with their own arrangements
 - No foreseeable progress at international level to set up a global carbon price
- *European Green Deal* and *Fit for 55%* Package open a new phase for EU Climate action, with high Carbon price (> 60 EUR/T)
- Costs of Low-carbon industrial technologies higher than conventional ones (Abatement costs often = 100-170 EUR/T)
- Jobs at stake: 7,8 Millions in the EIs ecosystem + 1,2 Million for the Energy Ecosystem (Source: Update of the EU Industrial Strategy)
- Neither « Open Strategic Autonomy » nor « Resilience » without basic industries
- Matter of public acceptance, especially for workers and communities depending on EIs or fossil based power production

2. Initial reaction to the EC proposal

A WORK IN PROGRESS!!!

- **EC has delivered on a key political commitment with a sophisticated proposal that fits with many key requirements: legal base, WTO-compatible, step wise approach**
- **A first step to level the playing field, with temporary phase and early review**

- **Sectoral scope: 30 goods in cement, fertilisers, iron and steel, aluminium and electricity (Annex I)**
- **Free allocation progressive phase out (see Art 153, Art 31)**
- **Impact on downstream sectors (e.g. :Automotive, Rail Supply): Review clause (Art 30)**
- **Risk of trade tensions: what strategy for the EU?**

- **Use of Revenues: CBAM as a new own resource is misleading**
 - Perception of a cash cow for domestic use might exacerbate resistance from trade partners
 - No role to accelerate innovation or to support Just transition
- **Exports are missing**
 - Not mention in art 30 dealing with possible extension
 - Exports matter for EITs
 - Can we assume that the EU main exports (cars, machinery and equipments, pharmaceutical and chemical products) will not be impacted by the revised ETS?
 - Need to create markets for low-carbon industrial products, including globally
 - If export rebates are legally impossible (to be discussed) other options must be used (e.g. WTO negotiations to make low-C products competitive globally)

3. Key requirements

- CBAM is not the panacea but a **part of a policy framework** to reach climate neutrality by 2050 while keeping a strong industrial base in the EU
- CBAM must be **progressively phased in with caution**, keeping in mind the complexity of the Fit for 55 package and the need to factor in « the real world » (i.e. commodity prices, geopolitics, sectoral and regional specificities)
- **Social dialogue** has a role to play to monitor the CBAM implementation
- CBAM must be part of an **intense EU climate diplomacy effort** to avoid trade escalation and to avoid disruptive social impact in neighbouring countries

To consult our
existing positions

<https://news.industriall-europe.eu/p/position-papers>