



AEGIS Europe welcomes outcome of INTA Committee vote on CBAM

Brussels, 1 March 2022 – AEGIS Europe welcomes the vote against an opinion on the Carbon Border Adjustment Mechanism (CBAM) proposal by the INTA Committee of the European Parliament. The envisaged compromise amendments would have failed to address the EU industry's concerns about carbon leakage.

"AEGIS Europe strongly supports the EU Green Deal and the climate neutrality objective. However, as long as climate ambition remains heterogeneous worldwide, the EU needs effective carbon leakage protection. The envisaged CBAM compromise amendments discussed by the INTA Committee would not have responded to the needs of the industry. Moreover, some statements are legally incorrect, inconsistent, or based on unrealistic predictions," comments Inès Van Lierde, Chair of AEGIS Europe.

The alliance points out that maintaining free allocation until 2030 is compatible with the WTO non-discrimination principle as long as EU producers and importers are treated equally. For this reason, the level of the CBAM paid by importers must be deducted from the free allocation granted to EU producers.

Furthermore, statements that the ETS indirect costs compensation weakens the price signal and the idea of the polluter price signal are factually incorrect. The power sector passes on the full direct emissions costs to industry and thus incentivises the further decarbonisation of the power sector, independent of any compensation. Given the unique EU electricity market design, the EU industry faces indirect carbon costs even when consuming renewable electricity.

Finally, EU producers are in the middle of adopting low carbon technologies requiring significant investment in very dire market conditions. While the Innovation Fund could be an important instrument to support industrial decarbonisation, it is unrealistic in practice since the free allocation phase-out would take place before projects supported by the Fund start running and the CBAM's effectiveness is thoroughly tested and evaluated.

AEGIS Europe reiterates that maintaining free allocation until 2030 and providing a WTO compliant export solution would prevent carbon leakage as we transition towards the CBAM system. These two elements are crucial for preserving the production of low-carbon EU products and reducing our dependence on high carbon imports from third countries, thereby reducing global emissions, preserving European jobs, and strengthening the EU's strategic autonomy and export markets.

"The outcome of the vote in the INTA Committee reveals that a proper debate among the members of the European Parliament is urgently needed. The CBAM proposal leaves considerable room for improvement. Based on our in-depth assessment, the envisaged rules will not ensure the global reduction of CO₂ emissions. We need a fair balance between Europe's ambitious climate goals and maintaining a level playing field for European industries while mitigating the impact on downstream industries," concludes Van Lierde.

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About AEGIS Europe:

AEGIS Europe is an industry alliance that brings together more than 20 European manufacturing associations from metals and ceramics to energy and transportation industries committed to manufacturing in the EU on a truly level playing field ensured by a rules-based free and fair international trade. Our members account for more than €500 billion in annual turnover, as well as for millions of jobs across the EU.