

Trilogue outcome on CBAM & ETS leaves EU without proper export solution or strong anti-circumvention rules

Brussels, 20 December 2022 – The manufacturing alliance AEGIS Europe is disappointed at the outcome of the agreement reached by the institutions during the political trilogue on CBAM & ETS. *“The decision-makers failed to adopt a CBAM tool that addresses EU industry’s main concerns while delivering on the overachieving climate goals. The interests of the European industry and the millions of jobs it represents have not been properly considered,”* commented Inès Van Lierde, Chair of AEGIS Europe.

The introduction of a CBAM is aimed at stopping carbon leakage and the European industry has doubts whether the agreement reached would ensure achieving such goal. The envisaged timeframe for the complete phase-out of ETS free allowances (i.e. 2026 – 2034) does not ensure an effective phase-in of CBAM and furthermore, the Commission itself in its Impact Assessment confirmed that withdrawal of ETS free allowances under CBAM would decrease EU exports.¹

Manufacturers in Europe will be severely and long-termed damaged by the lack of a concrete export solution, not only in terms of higher carbon costs but also in terms of job losses and reduced time and capacity to invest in green technologies. AEGIS Europe members export more than 135 billion EUR yearly, and without an appropriate measure for exports, they will be less competitive vis-à-vis products originating in non-EU countries with laxer climate ambitions and without similar carbon emission controls, such as China. This carbon leakage would not only lead to increased global emissions but could also endanger 200 000 direct jobs, and potentially hundreds of thousands more as the effects would trickle down to other manufacturing industries. Thus EU industries are in dire need and expect an export solution to be delivered by EU institutions as soon as possible in the foreseen review process of CBAM.

Since the CBAM proposal was very complex, our industries have identified multiple loopholes that could be used to circumvent the rules and have put forward a solution to address resource shuffling by calculating the emissions based on all installations of a manufacturer in the country of origin – however, our suggestions have been disregarded.

Finally, enlarging the CBAM scope to other products and sectors than initially envisaged should have been considered only after in-depth impact assessments and consultations with the concerned industries. AEGIS Europe has repeatedly stated that for some ETS sectors with very specific value chains, products, and global trade flows, a CBAM cannot effectively address carbon leakage and reduce emissions.

“Our Alliance supports the EU Green Deal and the climate neutrality objective. However, as long as climate ambition remains heterogeneous across the world, the EU needs effective carbon leakage protection. The CBAM proposal, as agreed on by the decision-makers within the political trilogue and lacking an export solution, fails to address the industry’s concerns fully, and based on our assessment, the envisaged rules will not ensure the global reduction of CO2 emissions.” concluded Van Lierde.

Media contact: email: info@aegiseurope.eu | www.aegiseurope.eu

About AEGIS Europe:

AEGIS Europe is an industry alliance that brings together more than 20 European manufacturing associations and companies representing the whole value chain from metals and ceramics to 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.

¹ See Commission Staff Working Document Impact Assessment Report Accompanying the document Proposal for a Regulation of the European Parliament and of the Council establishing a carbon border adjustment mechanism, 14 July 2021, part 1/2 page 65