



Ms Ursula von der Leyen
President of the European Commission

Ms Roberta Metsola
President of the European Parliament

Mr Philippe L glise-Costa
French Permanent Representative

30 May 2022

Re: AEGIS Europe on the Carbon Border Adjustment Mechanism (CBAM) proposal

Dear Ms President of the European Commission,
Dear Ms President of the European Parliament,
Dear Mr Permanent Representative,

AEGIS Europe is an alliance of EU manufacturing associations and companies ranging from steel to aluminium, railway equipment, bicycles, fasteners and fertilizers. Together we account for  500 billion in annual turnover and millions of EU jobs.

AEGIS Europe has been a strong supporter of the EU Green Deal and the climate neutrality objective. But, as long as climate ambition remains heterogeneous worldwide, the EU needs effective carbon leakage protection.

AEGIS Europe has contributed to the EU Commission’s consultation on CBAM and has engaged with the EU Parliament and Member States representatives during the last years. The initial proposal from the EU Commission as well as the outcome of the recent discussions in the EU Parliament are far from reassuring for the EU manufacturing industry.

Accelerating the phasing out of existing carbon leakage protection measures while introducing a CBAM whose efficiency has not even been tested will have long lasting negative impacts on the manufacturing industry in Europe that is in the middle of deploying low carbon technologies. ETS free allowances and CBAM are not alternatives but are complementary measures addressing different types of carbon leakage, thus maintaining them both is not double protection. Both measures are definitively needed to ensure the survival of the manufacturing industry in the EU.

Furthermore, discontinuing ETS free allowances without a proper solution for exports will increase carbon costs for EU companies and the overall global CO2 emissions, thus creating unprecedented risks for jobs, investment, and jeopardizing the goals of the EU Green Deal.

These long-lasting impacts will also affect downstream industries and users. CBAM will not work for ALL energy-intensive sectors, which are characterised by long complex and

fragmented value chains, very positive net trade balances, very heterogeneous production processes, low carbon intensity, high number of installations and small emitters, and high indirect costs for electricity.

AEGIS Europe therefore calls on the Commission, the European Parliament and the French Presidency to factor in the priorities and red lines of the EU manufacturing industry in the CBAM legislative process so that CBAM efficiently addresses carbon leakage risks while incentivising third countries to reduce their emissions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Inès Van Lierde', with a long horizontal flourish extending to the left.

Inès Van Lierde
Chair of AEGIS Europe