Position Paper

The Carbon Border Adjustment Mechanism (CBAM)

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SGI europe

Employers entrusted to deliver
Sustainability Growth Innovation

Position

Summary

- SGI Europe generally welcomes the initiative of the Carbon Border Adjustment Mechanisms (CBAM) by the European Commission. For SGI Europe, the CBAM can be another climate tool to encourage decarbonisation of the economy and not an import tax hindering essential public services and services of general interest from operating cost-effectively.
- SGI Europe calls for a clear EU stance and a careful diplomatic implementation in close cooperation with European trading partners.
- We positively received the choice of the Commission to separate the CBAM from the Emission Trading System (ETS) whilst remaining the same price reference. Yet, this imbrication between the CBAM and ETS proposals raises a question of coherency regarding the timeline. A late starting of the CBAM risks also delaying the EU ETS reform.
- While welcoming the Commission's approach to introducing more industrial sectors in the CBAM, SGI Europe calls for a carefully implemented CBAM that does not affect the EU's competitiveness in the global market and ensures the support of quality jobs in the EU.

SGI Europe generally welcomes the initiative of the Carbon Border Adjustment Mechanisms (CBAM) by the European Commission. When achieving our climate goals for a climate-neutral economy by 2050 and reducing 55% of greenhouse gas emissions by 2030, all Member States must take the necessary responsibility and actions in reducing their carbon emissions.

The EU is a significant trade partner of many countries, and first of all, China and the USA have electricity systems more carbonised than the EU. For months, several foreign voices have doubted the fairness of the European idea of a CBAM. Here, **SGI Europe wants to take a clear stance and calls for a careful diplomatic implementation in close cooperation with European trading partners**. It is of utmost importance to repeat and convince that the CBAM can be another climate tool to encourage decarbonisation of the economy and not an import tax hindering public essential services and SGIs from operating cost-effectively.

The Commission has chosen a CBAM separated from the ETS but with the same price reference. This is an important point, and SGI Europe welcomes this choice. Yet, this imbrication between the CBAM and ETS proposals raises a question of coherency regarding the timeline. **A late starting of the CBAM risk also delays the EU ETS reform.**

Furthermore, the Commission has identified a first list of industrial sectors to be included in the mechanism, possibly extending to new sectors after 2025. This step by step approach is relevant. SGI Europe agrees with the inclusion of electricity, but the proposal lacks the expertise to have any detailed analysis of the other economic sectors.

SGI Europe calls here for a CBAM that does not affect the EU industry competitiveness sector worldwide. This is key for keeping and developing quality jobs within the EU. We, therefore, welcome the Commission's proposal to apply the CBAM only to limited sectors at first and include an appropriate transition period. The inclusion of additional sectors should only be considered after first experiences with the new instrument have been made.

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