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# A European Border Carbon Adjustment proposal

# POLICY RECOMMENDATIONS



- A. A parallel system aligned with EU ETS
- B. Targeted launch on pilot products : electricity and cement
- C. Nature and use of the levy (not a tax)
- D. Fairness ensured by an independant agency
- E. Phasing out free allowances
- F. A (2 years) "test" period for negotiations and necessary exemptions

# A CARBON CLUB APPROACH AND NECESSARY EXEMPTIONS



# DISCUSSION POINTS



- Pilot products: What is the right schedule of implementation? What other pilot sectors? Steel?
- According to what criteria are least developed countries to be exempted?
- Risks of trade war escalation : How will it be received at the global level? Notably, what will US and China reactions look like?

# GREENING EU TRADE: OTHER POLICY OPTIONS



GT 1 – How to green the EU trade policy?, Jacques Delors Institute, Policy paper, July 2019

GT 2 – The Economics of Trade and the Environment, Jacques Delors Institute, Policy paper, December 2019

→ **14 MAY 2020:** GT 3 – **A European Border Carbon Adjustment proposal**, Europe Jacques Delors, Policy paper, May 2020

Among the other measures, the following will be developed in our next publications:

GT4 - **Stronger provisions** to ensure the respect of environment in trade agreements (bilateral, multilateral, WTO)

GT5 - Better use of **EU's market powers**: environmental norms and standards ; Eco-labelling ; Due diligence obligations for businesses



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*Thank you for your attention!*

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