

Announcement

European Roundtable on Climate Change and Sustainable Transition and Iniciativa Climática de México to examine the role of Border Carbon Adjustment.

BRUSSELS, MEXICO CITY (July 27, 2020) –European Roundtable on Climate Change and Sustainable Transition (ERCST) and [Iniciativa Climática de México](#) (ICM) are pleased to announce their collaboration in examining the role that Border Carbon Adjustments (BCAs) may play in addressing asymmetry in climate ambition under the Paris Agreement, with special focus on the plans that the European Union has to examine this option. In this context, ERCST & ICM will hold a virtual Mexico-EU “town hall meeting” on August 27th, 2020. This activity together with other similar planned “town hall” meetings will feed into a policy paper on the international views on BCA that ERCST will publish in collaboration with its partners.

The European Green Deal has strengthened the level of climate ambition, increasing the asymmetry of climate efforts by aiming to achieve climate neutrality in the European Union by 2050. This raises the question of how to deal with competitive pressure and carbon leakage, pushing BCAs to the front as a possible solution.

Border carbon adjustments (BCAs) aim to alleviate negative effects caused by uneven climate policies by including imports and/or exempting exports. BCAs seek to level the playing field in competitive markets, incentivize trade partners to strengthen their own climate efforts and prevent leakage of carbon emissions to jurisdictions with weaker policies. These objectives can be achieved by a tariff or other fiscal measure applied to imported goods, the extension of regulatory compliance obligations (e.g. ETS) to imports or a tax exemption or regulatory relief for exports.

Adrián Fernández, Executive Director of Iniciativa Climática de México said, “the European Green deal and tools such as the BCA have the potential to drive increased levels of global climate ambition to get the world into a “under 1.5°C” pathway. Mexico needs to engage on conversations around the BCA early on and inform domestic dialogues such as our climate commitments, international collaboration, trade impacts and our economic recovery plans.”

Andrei Marcu, Executive Director of ERCST emphasized that “the BCA, its design and impacts on trade and international cooperation need to be well understood, since it will become increasingly urgent to address the effects of asymmetrical climate change policies and BCAs are presented as a serious option. As think tanks, we will cooperate with colleagues in other countries in this effort”

Iniciativa Climática de México aims to transform Mexico into a global leader in climate action, influencing climate change policymakers to adopt and implement ambitious mitigation actions to reduce emissions of greenhouse gases and to promote low-carbon growth. ICM develops

studies and analyzes public policies contributing to emission reduction in collaboration with government entities, business groups, civil society organizations, universities and other academic centers and think tanks, allowing to create dialogue and synergies among stakeholders.

ERCST provides for a space for policy-makers, regulators and stakeholders to discuss climate change policy and the transition to a low GHG-economy in a sustainable way, with a focus on European climate policy but keeping in mind the global dimension of climate change policy. The experience and research input of its staff and of the stakeholders joining its activities allow the ERCST to make an intellectual analysis contributing to the European and international debates on climate change policy. Continuing its work on carbon leakage protection, the ERCST is analyzing issues and options of designing BCAs in practice and discussing coherent 'policy packages' that could be implemented at the EU level in 2020.