

Announcement

European Roundtable on Climate Change and Sustainable Transition and South African Institute of International Affairs to examine the role of Border Carbon Adjustments

BRUSSELS, CAPE TOWN (August 12, 2020) –European Roundtable on Climate Change and Sustainable Transition (ERCST) and the South African Institute of International Affairs (SAIIA) 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 & SAIIA will hold a virtual South Africa-EU “town hall meeting” on September, 22nd 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.

Alex Benkenstein, Programme Head of the Governance of Africa’s Resources Programme at SAIIA said, “Europe is a crucial market for African exports and the issue of BCAs, particularly for relatively carbon-intensive economies such as South Africa, certainly requires careful consideration. This discussion is timely in light of the upcoming EU-AU Summit, and the central role that climate change and the green transition has come to play in the strategic dialogue between Africa and Europe.”

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”

The South African Institute of International Affairs is an independent public policy think tank advancing a well-governed, peaceful, economically sustainable and globally engaged Africa. Their work spans foreign policy, governance, the environment, economic policy and social

development, linking local experiences with global debates. Their African-generated knowledge provides local and regional decision-makers with independent, evidence-based options for Africa's future development.

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.