

CBAM as a sustainable climate tool

Complex technical/political challenge necessary to achieve sustainable climate neutrality through setting a level playing field for EU industry

- **The EU-ETS is a cornerstone** providing carbon price signal to consumers and investors (reinforce and not distort in 2050 path!)
- **Carbon leakage framework is necessary** to preserve level playing field for EU exports
- **An excise tax on imports and domestic products carbon footprint (“option 4” in EC consultation) represents:**
 - ✓ Easier compatibility with WTO rules and carbon leakage framework
 - ✓ A signal to consumers on carbon footprint
 - ✓ Balance on administrative complexity though politically complex to achieve

Focus on “carbon leakage” industry sectors across the EU (e.g. clean hydrogen)

Set simple mechanism based on country origin carbon benchmarks (no exceptions)

Clean footprint benchmarks are a non-regret tool for CBAM implementation