

# EU-Russia Town Hall on Carbon Border Adjustment



September 2020

## Legal & political considerations:

**WTO:** equal treatment of local and imported goods , despite of origin

**Paris Agreements:** consideration of national conditions and limitations

## Scope & granularity:

**Emissions coverage :** Direct vs Direct + Indirect emissions

**Product coverage:** What part of the value chain is covered

**Jurisdictions coverage:** All countries vs exemptions

**Calculation methodology:** Which standard shall be used

## Administration:

**Carbon price:** ETS market price vs effective price

**Use of revenue:** EU budget, global green investments

## CBAM OBJECTIVES:



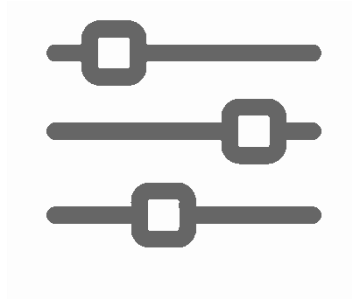
**Prevent carbon leakage**



**Drive reduction of emissions at a global level**



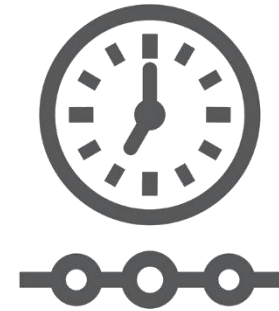
**Level the playing field**



CBAM accounts for **real CO2 intensities**



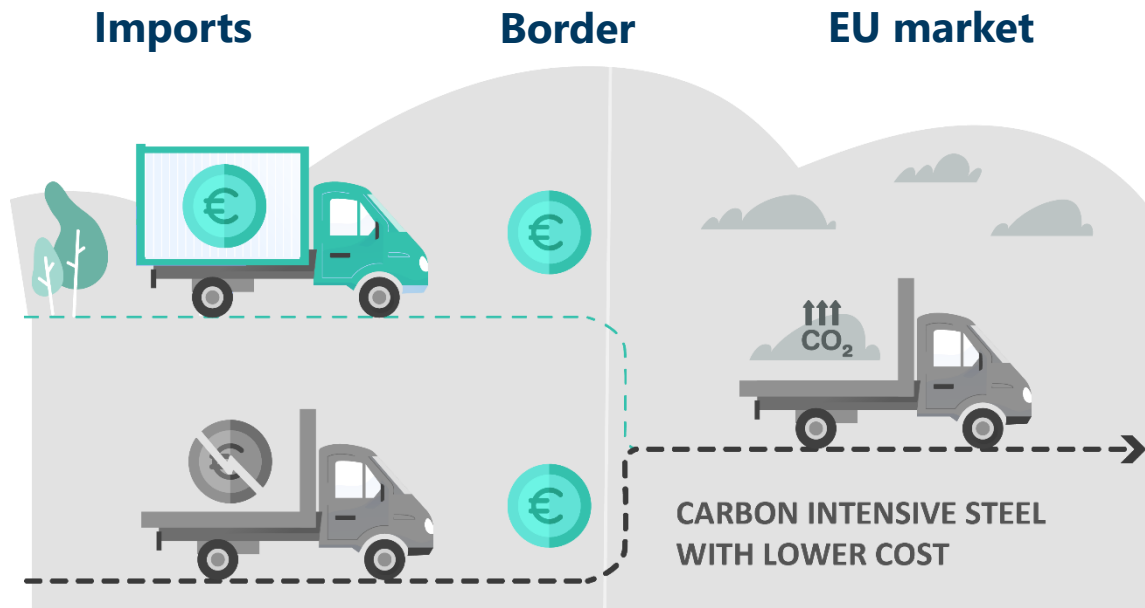
Recognition of **non-EU type climate efforts**



**Gradual introduction,**  
**transition** periods

- Improve prospects for the CBAM to be WTO compatible
- Provides for efficient abatement incentives contributing to negative carbon leakage

## FLAT TARIFF VS DIFFERENTIATED TREATMENT BASED ON REAL CARBON INTENSITIES



**Flat tariff would reduce the changes for cleaner and thus more expensive goods to access the EU**

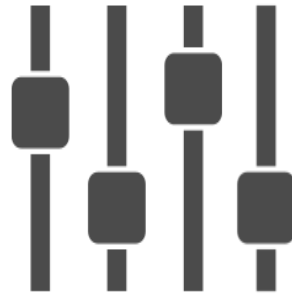


**Individual Adjustment would allow for easier access of cleaner goods to the EU**

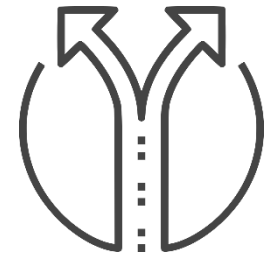
- **Participation in the Kyoto Protocol, Paris Agreement and other international climate initiatives of the host country of the non-EU producers should be taken into account**
- **Non-EU type policies reflecting national peculiarities shall be dually considered**
  - ✓ e.g. climate policies promoting sustainable growth of national carbon absorption capacities through reduction of deforestation, forest conservation, reforestation thus contributing to the reduction of the overall level of carbon emissions.
  - ✓ Additional payments for renewable energy
- **Abatement costs of individual producers in local jurisdictions shall be taken into consideration if the EU ETS market CO2 price is applied**



Develop **benchmarks**  
& **measurement**  
**approach**



Explore **the idea**  
**of individual**  
**adjustment**



Name **pilot sector(s)**  
and **parts of value**  
**chains** covered

**Thank you!**

