

EU Carbon Border Adjustment Mechanism

Turkey Stakeholder Meeting

12.07.2021



Carbon Border Adjustment – TÜSİAD Views



Key Priorities



Constructive dialogue between the EU and Turkey should be accelerated by giving priority for Modernization of Customs Union by considering mutual obligations.

Establishing concrete cooperation mechanisms in terms of technical and environmental regulations.

Maintaining a fair, transparent and predictable methodological approach by considering WTO-compatibility.

Fair application in terms of free-allocations.

Criterion shall be made as soon as possible for granting exemption to third countries which are fully integrated to EU ETS.

Carbon Border Adjustment – Leaked Draft

Major Concerns & Constraints of The Turkish Business Community

Definition of Complex Products and calculation of the embedded emissions throughout the value chain.

EU plans to table CBAM as own resource. For a fair application, the revenues shall be allocated for green investments in the respective countries.

Exemption criteria for ETS mechanisms in line with EU-ETS shall be made as soon as possible to avoid double-taxation in related regions.

Authorization requirements by CBAM authority shall not negatively affect the free circulation of goods under EU-Turkey Customs Union.

Fair application and a transparent roadmap in terms of free-allocations shall be made available as soon as possible.

TÜSİAD Report on New Climate Regime



- ✓ EU Green Deal can be considered as a new opportunity for transformation of Turkish economy through sustainable development if right policy actions are put in place.
- ✓ Within the framework of a strategic transformation (the funds obtained are used for the green transformation of companies, focusing on renewable energy and energy efficiency etc.), significant improvements can be achieved in both national income and greenhouse gas emissions.
- ✓ In such a model, it is calculated that GDP would be 6.6% higher by 2030 compared to the scenario where a tax of €50 per ton would be applied.
- ✓ The possible cost effect of applying 50 € tax is calculated as 1.8 billion EUR.

Initial Findings & Questions on Draft ERCST Study

Preliminary Remarks

Emission factors to be determined by considering different products, production processes and geography etc.

It will be critical how EU will define the default emission factors in a fair and transparent way.

The application in the case the companies in third countries prove to have lower carbon and energy intensity level than the EU counterparts.

It seems that the costs vary very much according to different scenarios. Validation of the emission tax at global level will be highly challenging.

It will be critical that the system does not impose a heavy bureaucratic burden and should be transparent and traceable.