



# CBAM Proposal: The position of the Non-Ferrous Metals sector

Carbon Border Adjustment Mechanism: From Proposal to Implementation

European Climate Summit, Brussels, 7th December 2021



# Four Policy Asks for a more effective CBAM

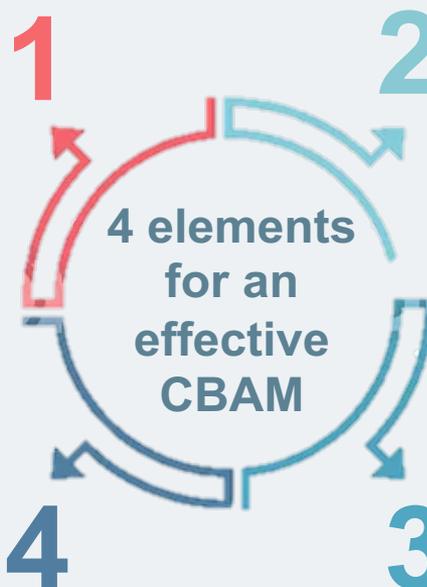
We've always been skeptical that CBAM can be an efficient instrument to 1) prevent carbon leakage and 2) reduce emissions globally for our sector. However, if policymakers do decide to come with a CBAM, 4 elements are needed:

## Exclude indirect emissions until 2030

- Difficulties to address indirect carbon costs (different to emissions). Thus, should be excluded.
- It will be less of an issue after 2030 (power sector will be more decarbonised)

## A testing period with a review mechanism

Phase out should only begin when i) the quality of the data is collected and assessed ii) CBAM is proven to be effective as a carbon leakage instrument iii) we have found a solution on exports.



## Export Adjustments

- We need a solution on exports.
- Legal advice we have received indicates that WTO compatible solutions can be found

## Anticircumvention measures

- Article 27 to be strengthened.
- Resource shuffling and costs absorption to be included into the definition of circumvention

# Five Procedural Modifications Needed



## 1 Products Scope

- For aluminium, many finished products should be added
- If other metals added, it should go as far down the value chain as possible

## 2 Third Country exemptions

- No exemptions on 'climate change commitments' or economic development
- Need to look at what industry in the country actually pays in terms of carbon

## 3 Verification & individual assessment

- An effective monitoring to be put in place given the untested nature of CBAM

## 4 Predictability of Secondary Legislation

- Our industries are very complex. So, the Commission should work with all stakeholders, especially during the transition period, where the reporting requirement on emissions will apply

## 5 CBAM Authority

- A European wide CBAM Authority needs to be created → More effective.
- Reviews should be annual, not after 4 years