

EN
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Answer given by Mr Gentiloni
on behalf of the European Commission
(12.10.2021)

The Commission presented its proposal on the Carbon Border Adjustment Mechanism (CBAM) on 14 July 2021, as part of the broader ‘Fit for 55’ package¹. The CBAM will mirror the EU Emissions Trading System (ETS) and will initially apply to iron and steel, aluminium, cement, fertilisers and electricity. The full list of products covered by the measure is provided in Annex I of the proposed Regulation and includes also certain downstream products, like tubes and pipe fittings, in order to reduce risks of circumvention. Once in place, the CBAM will be reviewed to see if additional materials at risk of carbon leakage, as well as downstream products could be added to its scope.

The phasing out of free allocations under the ETS in the sectors and subsectors covered by the CBAM will be done very gradually to give maximum predictability and allow time for adjustment to investors and businesses. On the possibility to grant export reimbursement, the analysis has shown that the inclusion of refunds for a carbon price paid in the EU might raise concerns regarding compatibility with WTO² obligations.

The Commission addresses trade distortions through a number of trade defence instruments, including the recently prolonged application of the steel safeguards. The EU is also active in the Global Forum on Steel Excess Capacity to tackle harmful government measures that are the root cause of global overcapacity.

The updated Industrial Strategy³ calls for the development of Transition Pathways for industrial ecosystems and includes a staff-working document⁴ which highlights key issues faced by the EU steel sector and the EU toolbox available for the transition towards a green, digital and resilient EU steel industry. The co-creation of the Transition Pathway for the energy-intensive industries (EII) ecosystem (which includes the steel sector) will start in autumn 2021.

¹ https://ec.europa.eu/info/files/carbon-border-adjustment-mechanism_en

² World Trade Organization.

³ COM(2021) 350 final.

⁴ https://ec.europa.eu/info/files/staff-working-document-towards-competitive-and-clean-european-steel_en