



## Answer to the European consultation

### Carbon Border Adjustment Mechanism (CBAM)

*Date of issue: November 2021*

CEA welcomes the European Commission's ambition to set up a Carbon Border Adjustment Mechanism (CBAM). Such a mechanism is essential to preserve the competitiveness of European industries considering the different decarbonisation trajectories followed by the European Union and its trading partners.

In this regard, the CEA would like to draw the Commission's attention to several points.

**In order to simplify the implementation of the CBAM, the European Union could consider default emissions via benchmarks corresponding to the most commonly used industrial processes, while retaining the possibility for importers to provide proof of lower emissions, certified by independent auditors.**

**It is necessary to integrate into the CBAM the indirect emissions of imported products that would have been subject to the EU ETS, had they been emitted on the European territory.** Indeed, not including indirect emissions would run the risk of bypassing at least part of the CBAM, to the detriment of the European industry.

**The automotive (including battery production) and aeronautics sectors should be included in the CBAM.** These are strategic sectors for the European Union, which are likely to be affected by the increase of CO<sub>2</sub> price. The inclusion of these sectors in the CBAM is therefore essential to ensure that they are not penalised compared to competition from outside the EU.

**In order to preserve the European industry, the CBAM should be as close as possible to the activities covered by the EU ETS and be sufficiently robust to prevent it from being significantly circumvented or avoided.**

#### Electricity sector

**In the electricity sector, the calculation of allowances to cover imports** should not be based on the average greenhouse gas emission factor of the European electricity mix, but **on the average greenhouse gas emission factor of the country producing the electricity**. Otherwise, carbon-based electricity production outside the EU could be at an advantage if the average emission factor of the electricity mix of that country exceeds that of the EU.