

Brussels, 16 December

To: Frans Timmermans, Executive Vice President, European Green Deal
Paolo Gentiloni, Commissioner for Economy
Thierry Breton, Commissioner for Internal Market
Peter Liese, Member of European Parliament, Rapporteur for ETS
Mohammed Chahim, Member of the European Parliament, Rapporteur for CBAM
Pascal Canfin, Member of European Parliament, Chair of ENVI Committee
Jaroslav Zajíček, Deputy Permanent Representative, Czechia

Trilogue negotiations on CBAM: appeal for an export solution

In the context of the ongoing trilogue negotiations on the proposal for amending the ETS Directive and the related Regulation on a Carbon Border Adjustment Mechanism, we are deeply concerned that while progress is made towards the conclusion on most of the pending items, there is a complete lack of progress on a solution for exports.

The reduction of free allowances upon implementation of the CBAM regulation will lead to a major disruption of exports from European companies, replaced by more carbon intensive products from other regions of the world which do not share our climate ambition. This in turn will lead to plant closures and job losses in the EU, while also having the negative environmental effect of carbon leakage.

The situation has been further exacerbated by the energy war waged by Russia against the EU, further affecting European export competitiveness and the introduction of the Inflation Reduction Act in the USA supporting their local industry vs exporters.

We believe the European Commission wants to support, as an integral part of the Green Deal, the EU's export competitiveness, but the apparent readiness to proceed with the ETS/CBAM implementation without providing a solution for exports is a cause for concern and uncertainty with regards to this ambition.

In this context, and in order to achieve a level playing field, a permanent solution for exports to non-EU countries that do not apply equal carbon pricing is of paramount importance.

In the absence of such a solution, we would urge negotiators to accept the proposal of the European Parliament as the only alternative that ensures competitiveness of EU exports until a more permanent mechanism is established.

We count on your support to deliver such a solution that will be a win-win solution both for the EU's climate ambitions and its industrial competitiveness.

Siegfried Russwurm



President
Federation of German Industries

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